



"THE SECRET TO BEING SUCCESSFUL  
FROM A TRADING PERSPECTIVE IS TO  
HAVE AN INDEFATIGABLE AND AN  
UNDYING AND UNQUENCHABLE THIRST  
FOR INFORMATION AND KNOWLEDGE." -  
PAUL TUDOR JONES

# PAUL TUDOR JONES

EARN YOUR FIRST BILLION  
DOLLARS USING THE PROVEN  
SYSTEMS OF THE TOP HEDGE  
FUND BILLIONAIRES

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BY STAN MILLER

## INTRODUCTION

Congratulations on downloading *Trading Secrets Series – Paul Tudor Jones*. Hopefully when you've finished reading this book that you will take away the investing lessons of one of the greatest traders of all time. In order to be great, you should emulate the great.

In this book, you will find the trading secrets of Paul Tudor Jones that made him one of the wealthiest people in the planet. If you use the lessons here you may be able to emulate his investing success and you'll be able to be a billionaire yourself.

Paul Tudor Jones is one of the top echelons of traders who have achieved success in the markets for multiple decades. In doing so, he has achieved a reputation in the industry as someone you should listen to. He has achieved billionaire status multiple times over. He's current net worth is around \$4.7 billion dollars in 2017. He not only has important views on the markets, he has skin in the game to by putting billions of dollars on the line to prove his investing prowess.

The book is structured in a way that you will learn each investing philosophy per chapter. It will elaborate how Jones used the investing strategies. If you implement the ideas in the pages ahead, you'll be able to protect your capital and earn a lot of money through compound interest. Even though if you start with a little amount, that amount will be enormous through the years through compound interest. You'll end becoming one of the wealthiest people in the planet like Howard Schultz or Richard Branson.

It doesn't matter if you're an at home trader or a long-term investment professional. The investment philosophies in the pages ahead will help you improve your trading and investing. If you are already good, you'll become great. If you're inexperienced, you'll be able to match the investing returns of the best in the investment field.

Let us journey together in these pages to find out the secrets of one of the greatest traders of all time. Are you ready for a life of financial freedom? Are you ready to have abundance in your life? Are you ready to become one of the wealthiest people in the world? If you are then let's

continue in the pages ahead.

## **TRADING SECRETS SERIES**

The goal of this book series is to summarize the lessons of each of the greatest traders of our time. Its goal is to put in a sort of handbook the lessons each imparts and serve as a guide to their investment philosophies. Their books have been published throughout the years but some or perhaps all of them have so much information contained that it's hard to pin point or to remember all of the lessons.

This book series aims to put these lessons in a nutshell so that you may implement them in your own trading and increase your profit making capabilities!

The investors featured in the series are considered among the wealthiest people in the planet due to their trading success. They are:

**Warren Buffett**  
**George Soros**  
**Paul Tudor Jones**  
**Bruce Kovner**  
**Stanley Druckenmiller**

Congratulations on embarking this learning journey with the *Trading Secrets Series*. Success is guaranteed when you learn from the great and emulate them. We wish that we would be able to write about you as well in the future!

### **Trading Secrets Series – Paul Tudor Jones**

Paul Tudor Jones is one of the top investing greats. He is well known inside the investment community but not one of the household names like Warren Buffett and George Soros. Although he didn't achieve widespread popularity, he is as good an investor as them. He has been known to triple the money of his investors during the 1987 Stock Market Crash.

His views and trading strategies is seen in the documentary TRADER which has been put down in circulation by Paul Tudor Jones himself although copies have been available in the internet through illegal streaming and

downloads. This is perhaps an indication of how important his views are on the Stock Market and the whole trading community in general.

He founded Tudor Investment Corporation and has grown the Hedge Fund into one of the largest in the industry. It focuses mainly on Global Macro events although he has a lot of funds with different strategies. He started trading using a Global Macro Approach primarily relying on Technical Analysis but has diversified into other strategies through his other funds which are managed by his trusted investment managers. Tudor Investment Corporation is headquartered in Greenwich, Connecticut.

He is worth around US\$4.7 Billion in 2017 which proves his investing prowess. This puts him in the top caliber of investment greats and one of the top earning hedge fund managers. He is included in the Forbes magazine richest people in the world giving him the 120 spot in 2017.

Paul Tudor Jones didn't go through the normal education that one would have in order to be able to work on Wall Street. Today, one should be a graduate of an investment related course in order to work effectively on Wall Street. They should earn certifications such as Chartered Financial Analyst in order to be competitive. This route wasn't the one Jones took.

He attended his elementary studies in Presbyterian Day School and afterwards went to Memphis University to attend high school. Then when in college, he took a degree in economics in University of Virginia. His real education started when he worked in E. F. Hutton & Co. He was a clerk initially and then became a broker. This education proved much more effective for him than a degree in a University. He learned the Pit Psychology as trading wasn't electronic back then and brokers screamed at each other and used hand signals to trade in the Stock Market and in the Futures Market where he was also involved.

He was able to work on his own in 1980 as a broker but then after two and a half years, even when he was earning a lot, he "really got bored". He was missing the "team spirit" and wanted to work with others to achieve worthwhile endeavors. In trading, this may be a profitable career but sometimes it's a very lonely one since you are just working for yourself. There is no collaboration which is present in businesses. He applied to

Harvard Business School and when he was about to start this new endeavor, a famous line of his was quoted and its implication is so profound about what education you would need in the investing world.

*“This is crazy. Because for what I’m doing here (Trading), they (Business School) are not going to teach me anything. This skill set is not something that they teach in Business School.”*

### **Trading Principle:**

**So this gives hope to people who have not achieved degrees that are Business or Investment related. The quote implies that you should be able to think outside the box and not join the crowd because trading is a zero sum game. You will only win if you have a unique investment strategy that is not what majority of people implement.**

Paul Tudor Jones started his investment career under the tutelage of Eli Tullis. Tullis taught Jones resilience and grit when dealing with the markets. They were involved in trading futures in the New York Stock Exchange (NYSE) and dealt with instruments such as cotton and other commodities. Eli Tullis was a commodity broker so with his experience, Jones got his taste of the real investment world. This was really different compared to studying books about investment theories. He learned the art of trading in the pits and getting your ears numb by the loudness of the activity. Although this didn’t bother him. He enjoyed trading and it was life for him.

### **Trading Principle**

**A trading principle that Jones never forgot in his experience with Tullis is emotional resilience and having equanimity in dealing with the markets. It’s like a roller coaster ride and you’ll have moments of elation and despair. He later quoted in the book Market Wizards by Jack Schwager:**

*“He was the toughest son of a bitch I ever knew (referring to Tullis). He taught me that trading is very competitive and you have to be able to handle getting your butt kicked. No matter how you cut it, there are enormous emotional ups and downs involved.”*

After two and a half years of working, he got really bored. This is because trading sometimes can be a lonely game and he longed for team collaborations. His business instinct was present because he wanted that business teamwork in accomplishing goals. He applied in Harvard Business School and got accepted but he didn't push through. He believed that he would not learn anything valuable in an MBA that will help him in trading and investing. This is a different sport.

Although he didn't push through in Harvard Business School, his business dreams was still there but he channeled it to a different medium. He set up Tudor Investment Corporation in 1980. It served as an asset management company that pooled investments from high net worth individuals and invested them in the Stock Market and Futures Market. His investors were high net worth individuals because his investment strategy is widespread and not limited to going long in equities and bonds like in Mutual funds. He had a wider right to invest the money in different asset classes that involved Derivatives like Futures Contract and Options and he can also leverage the money and invest more than the equity. This means that he can have a much better return for investors but it can be more risky because of the esoteric investments involved and of course, the borrowed capital. The high net worth individuals can stomach these investments better than the average income earner.

Today, The Tudor Group which consolidated Tudor Investment Corporation and its affiliates has grown to become one of the top Asset Management Companies. When Tudor Investment Corporation became successful through Jones trading, he diversified the company and let other investment managers handled the capital. In 1987, Jones tripled the money of his investors by going Short in Black Monday and earned hundreds of millions of dollars for his investors. This was the start of his rise and popularity. After his almost centralized decision making in Tudor Investment Corporation (Peter Borish was his right hand and predicted the Black Monday Crash with him), he began to delegate responsibility to other investment managers that he thought were as competitive and like minded as him.

Together with Borish, they compared the Stock Charts of the 1929 Stock Market Crash with the current charts of 1987. They saw a 95%

similarity in the charts and that alarmed them. They believed that investors react similarly to similar situations and what was happening in the markets preceding the crash in 1929 was happening again pre-crash in 1987. This spurred them to go Short and anticipate the incoming crash. They were right. They cashed in and although the exact amount wasn't disclosed, it was estimated that their \$100-\$150 million Assets Under Management Turned into around \$300-\$400 million by the end of the year. This was 1987 and that move became legendary in the investment world.

## **Trading Principle**

**A trading principle that can be learned here is the importance of Technical Analysis in Jones analysis of the situation. They were chartist and they won because of their trust in the charts. They were trend followers in a sense as well here because they weren't contrarians. They just followed the anticipated trend of the market and didn't fight the waves. They were good surfers and just let the waves move naturally. They rode with it.**

Today the Tudor Group's investment strategies include: Long/Short Equity, Market Neutral, Quantitative Market Research and Global Macro. Although they have diversified into other strategies, they always monitored the health of the markets using Technical Analysis to augment their research. They never forgot their heritage and the importance of the charts in their analysis.

Paul Tudor Jones was involved in other pursuits as well beyond Tudor Investment Corporation. He is a natural leader and that trait helped him lead his companies. Serving as leader wasn't limited to his own interests. He served as a director of the Futures Industry Association. His influence led to more organized and ethical future exchanges in the United States. He proposed different projects including the creation of the first ethics training for members of the futures exchanges.

He also served as chairman of the New York Cotton Exchange, which is a testament to his leadership abilities and knowledge of the industry. He was in office from August 1992 to June 1995 and at this time he was continuously involved with his own private interests. Being chairman of the

Exchange created a lot of opportunities for him. He was able to attract more assets because of his reputation and publicity. Investors trusted him more because he was in authority. He kept his private and public interests separated and that ensured there would be no conflict of interest while he served as chairman of the Exchange.

## **Trading Principle**

**This leadership attribute and active pursuit of excellence is natural for Jones. That's why he was able to set up a great team in his companies and his self organization skills was critical as well in his success as a trader. He was able to analyze the trends of the markets well and monitored them in an organize basis just like when leading his companies. So organizational and leadership skills is also important as a trader. Especially when you want to set up an asset management company after being successful as a trader, you would want to develop these skills.**

With his success in Tudor Investment Corporation he was able to charge higher fees compared to the industry standard. The normal fees for a Hedge Fund Asset Management Company is a 2% Management Fee per year on Assets Under Management (AUM) and an Incentive Fee of 20% of the Profits generated. Tudor Investment Corporation charges an industry high four percent per year of AUM and 23% of the profits. So when you are good and you created a trusted company, you can charge higher than industry standards. If you perform well, investors wouldn't mind the additional fees. Where money is safe and profit generating, investors will flock.

Paul Tudor Jones has always shunned the media most of the time and has only accepted interviews here and there. When he talks though, people listen. Among the most popular interviews he had are by Jack Schwager in his book Market Wizards and in the documentary TRADER by PBS. He has been interviewed as well by Tony Robbins in the book Money: Master the Game. Today, with the instant communications we have in social media and the news online, when Jones is interviewed regarding his market views, markets are affected. A lot of people listen to him and their own views are modified with his.



From the interviews that he has conducted over the years, there are nuggets of wisdom that can be found regarding his investment philosophies. We just have to dig deeper and find out the meaning behind what he is saying. Here are some of those lessons that we can implement with our own investing:

## **Follow The Trend**

Jones has always been a chartist and he tends to follow trends and not contradict them. When he conducts lessons in Universities, he asks a group of students if they would go long or short in a chart that has a diagonal line indicating a price continuously going up. Most of them would say they would go short because the price has already gone up and is already expensive. He would reply to them that they shouldn't invest even a penny in the Stock Market because they have that contrarian blood in them. So even when a price of a stock is going up, it can continuously go up so he rides those waves. Conversely when a price stabilizes and reaches a consolidation point, the price of stock can go downward, and if this happens, he would ride that all the way down profiting from it by going short.

## **Defense first before Offense**

In his interviews he always emphasized the importance of knowing your risks and always protecting yourself emotionally and preserving your capital. Jones knows how much risk he takes per position and when he will go out. So let's say you have a Stock and bought it at \$10 per share. You anticipate that it will go up but when it doesn't, you will get out at \$9 per share no matter what happens. He rides his winners, and cut his losers immediately if it doesn't follow his views. So even though he lost, the winners would offset his losses because he rode them to spectacular profits. Diversification is also involved here so he doesn't put his eggs in one basket. Capital Preservation is number one for Jones.

Jones has what he calls "mental stops". If a financial instrument he is investing in reaches a certain number when it doesn't go his way, he is out no matter what.

## **Equanimity**

In the documentary TRADER, you will see Jones relaxing even when he is getting clobbered in the markets. He knows that there would be days that he wouldn't win. He is okay with this because he knows that his winners would offset his losses which is just as expected when you get out immediately of investments that doesn't work out for you. Most people have a hard time letting go of losers, but for successful traders, it is just a way of life.

Related to equanimity is when Jones goes home, he relaxes in his couch and just takes time off. This helps his mind relax so that he would be more effective trading when market opens. He also incorporates meditation and yoga to his routine to help his thinking become more relaxed and focused.

### **Importance of Technical Analysis**

Jones believes that prices move first and fundamentals come second. This is related to George Soros view of Reflexivity. They both believe that the price of a financial instrument is not merely a reflection of the current health of the market but it can also affect the market itself which should have been merely its reflection. This makes sense because when a price of a stock goes up, the company's reputation goes up as well, making bankers want to loan more money to them. This infusion of capital can be used to expand the business and create more income for the company. This is just one example of how prices can affect the fundamentals.

The importance of Technical Analysis was apparent as well when Jones anticipated the Stock Market Crash in 1987. Jones and Borish, his right hand man, can be seen comparing the charts of the 1929 crash with 1987's and seeing their similarities. This affected their views on the markets.

### **Humility**

Yes that's right. That trait which is useful for all aspects of our life is also a main trait of Jones as a trader. He is quoted "Don't be a hero. Don't have an ego. Always question yourself and your ability." This means that the markets would always have the power and you should respect it. When you respect the fluctuations of the markets, then the markets will reward you for it. You won't go into investments that are beyond your investment

knowledge. You stay in your “Circle of Competence” as Warren Buffett said. Jones knows his strengths and weaknesses. He pursues investments that are part of his investment philosophies.

## **Learn from Adversity**

Jones always takes his mistakes and turns them into assets. He talks about trying to bring to college 86 underserved students and not being able to accomplish that effort completely. He thought that students must already be helped beginning from early education. This led him to create one of the most successful charter schools in New York based on his experience in the past endeavor. He also is seen in TRADER having a losing day and just staying calm and seeing the positive in the experience. He analyzed the situation fully and the next interview he had he was doing great already and have recouped his losses from the previous session.

Jones was influenced by his wife Sonia Klein to engage in Yoga so that he will have peace of mind and focus when working. She is an Australian-born yoga instructor and businesswoman. Having four children to raise, Caroline, Dorothy, Chrissy, and Jack, a well balanced life is indeed essential. Jones priority is his family first before his work and anything else.

We talked about Jones being active as chairman of the New York Cotton Exchange. He is active both in business and business organizations and communities. Despite having a busy schedule already, Jones is a master of time management. He is also involved in political campaigns and has donated money both to Democratic and Republican candidates. This shows flexibility in his views just like how he sees the Markets. The ecosystem of activities that he has helps him in each aspect of it. One helps the other. His business drives the campaigns to support the politicians and the politicians help him implement his views regarding his charity and organizations. Among the politicians or political candidates that he has supported are: Barack Obama, Rudy Giuliani, John McCain, and Mitt Romney.

## **Trading Principle**

**Time management, building a lot of activities and connections is important for Jones. He has been active in pursuits that led him to build**

**his businesses and charitable organizations that created an ecosystem for him that helped one another. His businesses supported his charities while the reputation he got from these pursuits helped him to be recognized in the industry. This is present not just in the investment industry but other business titans as well where they supported charities. They are sincere with their support so they are recognized. This helped their businesses as well and influenced people around them to help with the pursuit as well. If you are trying to build an asset management company or a business, you should keep in mind the importance of Social work and giving back to the community.**

He is the founder of one of the most supported charities by some of the richest Hedge Fund Managers: Robin Hood Foundation. It's supported by Hedge Fund Managers such as: Lee S. Ainslie III, David Einhorn, Larry Robbins, Daniel Och, David Tepper and Steven Cohen among others. Jones is able to get support from the top men in the investment industry and this is a testament to his reputation and his own influence as well in the industry.

The mission of the Robin Hood Foundation is "to improve the living standards for 1.8 million low income New Yorkers". In a sense they are indeed the real life "Robin Hood" when you think about it. The Markets are a zero-sum game so they are basically earning from other people who made mistakes in the markets which can be assumed is wealthier than average because they can invest in the markets. They then help low-income earners through Robin Hood Foundation.

He is also a founder of Excellence Charter School and I Have A Dream Foundation. He has been doing charity work since he was in his 30's up until now which goes to show his commitment and passion for it. The Excellence Charter School is the first all boys charter school in Bedford Stuyvesant. The I Have A Dream Foundation helps local students get into college in the same place.

Among other endeavors that Jones is active in is forest and wetlands conservation. He has so many activities already but he continuously finds new pursuits and challenges. It's like his mentality in the Markets wherein he always finds new things to learn from and experience. He co-founded the Everglades Foundation whose mission is to conserve the tropical wetlands in

Florida. Regarding his education pursuits in his charitable activities, his lessons on his first pursuit in trying to bring to college a group of sixth grade students taught him that education should be addressed from the youngest years of a person around pre-school and kindergarten. This helped him build one of the most successful charter schools. Continuous learning is present not just in the markets for Jones but also in his charitable work. It is natural for him. You can also develop this trait with practice and determination.

Among his treasured possessions is the Grumeti Reserves in Western Serengeti, Tanzania. He has saved wildlife there by not permitting hunting in that place. He has been recognized by African Great Lakes Parliament for this. He is also active in trying to help preserve the area there and local communities and not just the wildlife.

He has always supported education in his life and his alma mater will not be an exception. He helped the University of Virginia, where he was active in sports, to build a Basketball Arena with a budget of \$35 million. The namesake of the arena is named after his father, John Paul Jones. His father was an attorney and they both went to the same university. Another \$12 million donation went to education itself under the research division. It was used to create the Contemplative Sciences Center. Both Jones and his wife were active in these pursuits. His passion for helping others helped him as well in his business pursuits. The leadership skills that he gained from his different activities helped him in his own private interests. The Tudor Group presently consists of different Investment Managers where Jones has delegated his responsibilities. He is able to choose great talent because he has the skill set to know the people who are right for the job because he has that experience both in his private and public interests.

Being an outspoken person and confident in putting out his ideas, Jones said regarding a talk in University of Virginia “As soon as that baby’s lips touch that girl’s bosom, forget it. Every single investment I did, every desire to understand what’s going to make this go up or down is going to be overwhelmed by the most beautiful experience which a man will never share, an emotive connection between that mother and that baby. I’ve just seen it happen over and over again.” It was hilarious in a sense because he shared too many details but in a sense it showed how Jones is as a person. Being outspoken about his ideas helped him in business and charitable pursuits.

## **Trading Principle**

**Don't be afraid to speak your mind. Your thoughts and ideas should be used in investing and trading. It should not only be theoretical in your mind but you should test out your ideas in nothing more than the most competitive arena of all: The Markets. If you are too afraid to put yourself out there, then analysis paralysis, you won't get too far in the markets. Test out your thoughts, learn from experience, learn from others and become successful. That's a trait that is shared by Warren Buffett, George Soros, and Paul Tudor Jones. Be confident with yourself.**

Jones was active again in educational pursuits when he moderated the education committee at the Forbes Philanthropy Summit in 2014. It included reputable people in the Education Field. The committee included U.S Secretary of Education Arne Duncan, Governor of New York Andrew Cuomo, American Federation of Teachers President Randi Weingarten and Washington DC Schools Chancellor Kaya Henderson. Together, they discussed topics that will improve education all throughout United States and involved as much as \$225 trillion to U.S GDP over the next 80 years. This shows the impact of the improvement in education in the Economy.

Another nonprofit endeavor of Jones is Just Capital. This pursuit involves education as well but in a different sense. It helped educate working Americans on finding out companies that have best practices regarding employee welfare. It also helps them find out companies that are involved with producing goods and services that will benefit the lives of Americans in general and which of them are producing things or services that they value the most.

## **Conclusion**

In this book we found out about the multi faceted endeavors of Paul Tudor Jones and how this helped him become one of the most successful investors of all time. We found out how he was able to use all his activities in business, non-profit organizations, and public affairs in order to have an ecosystem of his own making to help him become successful in his endeavors. We learned how leadership, audacity, and organizational skills is very important in investing. Most of all we learned to live a well-balanced

life just like Jones has. Being active in the markets, in his personal life and in giving back to his community, we can learn a lot from him.

Here are the top tips that we found in this book in order to help you in your investing and trading:

### **1. Have A Unique Investment Strategy**

*“This is crazy. Because for what I’m doing here (Trading), they (Business School) are not going to teach me anything. This skill set is not something that they teach in Business School.”*

A degree in the business and investment field doesn’t guarantee success in the markets. You should look for education beyond what one achieves from this. Also learn by doing and have a mentor like Jones had on Eli Tullis. Prepare yourself in trading and investing by working on the field and get experience for yourself by putting skin in the game. Invest for yourself. There are many brokers and online brokers that will help you invest in a lot of trading instruments. Think outside the box and test out your ideas. You can’t help but be successful if you put in the hard work.

### **2. Capital Preservation is Paramount**

Jones emphasized the importance of having Stop-Limits in your trades and always protecting your capital. He even emphasized this in the documentary trader with language that are obscene. This goes to show the importance of protecting yourself always in the markets. Have “mental stops” just like what Jones uses and get out of the trade if it’s not working out for you. Don’t double down like what he says and average your losses. Cut your losers short and let your winners run. Always know where you will exit in a trade.

### **3. Follow the Trend**

It is very evident when you watch Paul Tudor Jones and listen and read his interviews that he is indeed a Trend Follower. It is the nucleus of his strategy. He is not a contrarian. He listens to what the charts tell him and looks for the direction of the market and goes with it. If the market is moving in a long-term upward trend, follow it. What goes up can continuously go up.

Momentum is at its work in the markets. Learn to reach the charts and see the upward and downward trends. If you follow where the market is going, then you'll be successful. This is apparent with Jones success in his 1987 short positions. He didn't fight the market. He found out his entry strategy of when the market will crash, and he followed that trend and monetized on it. You may just be as near where Jones had been on looking for your entry on the next big bull or bear market.

So there you have it. The ideas presented in this book can help you become a master at trading and investing. Remember to always learn and continue on pursuing your dreams. Let me leave you with one of Paul Tudor Jones' principles on successful investing:

***“The secret to being successful from a trading perspective is to have an indefatigable and an undying and unquenchable thirst for information and knowledge”***

***All the best in your endeavors!***