

How Our Strengths Shape Our Trading Psychology

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In this article, we will learn about our personal strengths and how those shape our development as participants in financial markets. Years of working with portfolio managers and traders have taught me that the greatest performers are not those without weaknesses, but those who maximize distinctive cognitive and personality strengths. But what are our strengths, and how can we maximize them?

A particularly innovative approach to the assessment of our capacities comes from [the research of Christopher Peterson and Martin Seligman](#). They propose a framework of strengths that is a positive psychology counterpart to the standard classification system of emotional disorders. [This scheme](#) defines 24 “character strengths” that fall into six groupings of “virtues”. [The VIA Survey](#) is a standardized test that assesses these virtues and strengths, and it is available free of charge, along with a summary of our “signature strengths”, “middle strengths”, and “lesser strengths”. The virtues, as summarized by Lopez, Pedrotti, and Snyder in [their reference volume of positive psychology research](#), include:

- **Wisdom and Knowledge** – Cognitive strengths of gathering and applying knowledge;
- **Courage** – Emotional strengths involving willpower in the pursuit of goals;
- **Humanity** – Interpersonal strengths involving caring for others;
- **Justice** – Community strengths involving leadership and participation in groups;
- **Temperance** – Behavioral strengths involving self-control and perspective;
- **Transcendence** – Spiritual strengths involving connection to larger sources of meaning.

When money managers seek me out as a performance psychologist, they invariably want to correct or eliminate weaknesses. For example, they might find themselves unduly influenced by fear, greed, impatience, etc. and want to eliminate these emotions from their trading. The strengths framework offers a different approach to trading psychology: *Our greatest problems in managing risk and uncertainty come from the suboptimal deployment of our strengths, not necessarily because of underlying weaknesses or emotional problems that require remediation.*

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