PRECISION TRADING SYSTEMS WORKSHOP

VectorVest, Inc.
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Special Notice

VectorVest, Inc. will do everything it can to insure the safety of your personal possessions while you are attending the Seminar. If you would like us to watch your computer during lunch, please take it to our registration table, where you will receive a claim check for it. In any event, we cannot assume any responsibility for lost or missing personal property.
Agenda

1:00  Welcome
1:10  The VectorVest System
1:45  Situational Investing
2:30  Break
3:00  Stock Selection Strategies
3:30  Precision Trading Systems
4:15  The Daily Drill
4:30  Adjourn
The VectorVest System

1:10 PM – 1:45 PM
VectorVest believes in
Buying rising shares in rising markets and Selling falling shares in falling markets.

VectorVest believes
every investor should know:
What a share is really worth,
How safe it is and,
When to buy, sell or hold.
The Stock Viewer is your entrance into VectorVest. It is an enormous spreadsheet of all VectorVest’s Indicators and Parameters.

Value Increases When

- Earnings go up,
- Inflation goes down
- and
- Interest rates go down!
Relative Value

An Indicator of Long-Term Price Appreciation Potential

*Price, Value, Earnings Growth, AAA Corporate Bond Rates and Risk are used to compute Relative Value.*

Relative Safety

An Indicator of Risk

*Consistency and Predictability of Financial Performance are the primary factors in assessing Relative Safety.*
Relative Timing

An Indicator of Short-Term Price Trend

*The Direction, Magnitude and Dynamics of Price History are used to determine Relative Timing.*

VST-Vector

The Master Indicator

*VST-Vector combines RV, RS and RT into a single comprehensive indicator. This combination incorporates fundamental as well as technical analysis.*
Stop-Price

An Indicator of When to Sell or Cover a Position

An adjusted 13-Week Moving Average of Closing Prices is used to compute Stop-Price.

Buy, Sell or Hold Criteria

**Buy**
1. Price > Stop Price
2. VST > 1
3. RT > 1
4. Price must be diverging away from Stop Price

**Sell**
Price < Stop Price

**Hold**
Price > Stop, but any of the other three factors needed to receive a Buy are not met.
Find Your Shares

Use the “Find” button to locate shares you’re familiar with and see what VectorVest has to say about them.

Analyze Your Shares

Use the Stock Analysis Report for instantaneous analysis of any share on any day.
Build a WatchList

WatchLists allow investors or traders to apply the power of rank analysis to the securities that interest them the most.

Creating a WatchList

1. Select a Group (Folder) from the WatchList Directory or create your own by clicking on the drop down arrow next to the ‘New’ Icon.
2. Click the ‘New’ Icon at the top of the WatchList Directory.
3. Type a Name for your WatchList. Add additional notes about the list to the Description field (date, purpose, etc.)
4. Click ‘Add’.
Adding Shares to a WatchList

1. Type the company name, or ticker symbol, in the ‘Add Symbol’ box located on the Local Toolbar.
   
   OR...

2. Highlight a group of shares and use the Right-Click Menu.

   OR...

3. Just drag and drop!

   * To delete a share, simply right-click and select delete item

Using WatchLists

• All WatchLists are ranked by VST-Vector.
  – The best shares are at the top of the list.
  – The worst shares are at the bottom of the list.

• Perform Rank Analysis.
• Analyze WatchList Averages.
VectorVest

Situational Investing

1:45 PM – 2:30 PM
Situational Investing

Recognizing what the market is doing and implementing strategies that are consistent with that behavior.

Situational Investing

The best time to start buying shares is when the market is rising from a bottom.
Market Timing Graph

The VectorVest Market Timing Graph clearly shows when the market is Rising, Falling or Transitioning and gives explicit timing signals.

Green Light Buyer

“The essence of the Green Light Buyer technique is that it's OK to buy stocks when a green light appears in the Price column of the Color Guard. It works because green lights appear only when the market is rising and buying rising stocks in rising markets is a sure-fire way to make money…”

-Dr. Bart A. DiLiddo

(VV Views – 03/23/12)
“Even so, green lights should not be used with impunity...all green lights are not alike. What do I mean by that? I mean that green lights which appear when prices are low offer better opportunities to make money than those that appear when prices are high”.

-Dr. Bart A. DiLiddo

(VV Views – 03/23/12)
How do you know when it is too late to buy on a green light?

RT holds the Key!

GLB/RT Kicker

**Up** signals are given when:
1. A **Green** Light is signaled in the Price column of the Color Guard.
2. The **Relative Timing (RT)** kicker is established when the following condition occurs while analyzing the VectorVest Composite (VVC):
   5-Day RT SMA > 20-Day RT SMA.

**Down** signals are given when:
1. The confirmed call becomes C/Dn

**Neutral** signals are given when:
1. There is not a Green light signaled in the Color Guard Price column OR the 5-Day RT SMA <= 20-Day RT SMA
2. The confirmed call did not become C/Dn
GLB/RT Kicker

Situational Investing

The easiest way to recognize what the market is doing is to follow the GLB/RT kicker.
VectorVest

Break

2:30 PM – 3:00 PM
VectorVest

Stock Selection Strategies

3:00 PM – 3:30 PM
Investment Styles & Strategies

<table>
<thead>
<tr>
<th>RISK</th>
<th>REWARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prudent</td>
<td>RV &gt;= 1.00</td>
</tr>
<tr>
<td></td>
<td>RS &gt;= 1.00</td>
</tr>
<tr>
<td>Aggressive</td>
<td>RV &gt;= 1.00</td>
</tr>
<tr>
<td></td>
<td>RS &lt;= 1.00</td>
</tr>
<tr>
<td>Conservative</td>
<td>RV &lt;= 1.00</td>
</tr>
<tr>
<td></td>
<td>RS &gt;= 1.00</td>
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<tr>
<td></td>
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</tr>
</tbody>
</table>

Finding the Right Shares

UniSearch is the most powerful search engine ever created for the share market.

It can run Searches, Trends, Hi-Los and Deltas on Shares, Industry Groups, Business Sectors, WatchLists and Portfolios individually or combined.
Searches

• Searches look for shares meeting a certain set of conditions at a fixed point in time.

• Searches can be performed on Shares, WatchLists, Industries or Sectors.

• Searches are generally categorized as: Prudent, Conservative, Aggressive or Speculative.

• Searches can be sorted by Groups or Alphabetically.

Using UniSearch

• Select Search Group
• Select Search
• Run search
• Use QuickTest to Check Results
Performance Quick Test

Use Quick Test to Count Winners & Losers and measure raw performance.

Conservative – Case Study

Date: 10/01/2012
Situation: GLB/RT kicker entry signal
Search: Top Performing Dividend Payers
1. Click on the UniSearch tab.
2. Click on Searches – Retirement folder, then Top Performing Dividend Payers.
3. Run Search on 10/01/12.
4. QuickTest to 15/05/12 the first C/Dn.
QuickTest Results

Prudent – Case Study

Date: 10/01/2012
Situation: GLB/RT kicker entry signal
Search: Prudent Performers
1. Click on the UniSearch tab.
2. Click on Searches – Prudent folder, then Prudent Performers.
3. Run Search on 10/01/12.
4. QuickTest to 15/05/12 the first C/Dn.
QuickTest Results

Aggressive – Case Study

Date: 04/01/2012
Situation: First Green Light after a C/Dn
Search: Aggressive Rebounders

1. Click on the UniSearch tab.
2. Click on Searches – Aggressive folder, then Aggressive Rebounders.
3. Run Search on 04/01/12.
4. QuickTest to 15/05/12 the first C/Dn.
QuickTest Results

Speculative – Case Study

Date: 04/01/2012
Situation: First Green Light after a C/Dn
Search: High Beta Rebounders
1. Click on the UniSearch tab.
2. Click on Searches – Speculative folder, then High Beta Rebounders.
3. Run Search on 04/01/12.
4. QuickTest to 15/05/12 the first C/Dn.
QuickTest Results

Refining Strategies

- Filter by a WatchList
- Use Selected Industries
- Use Selected Exchanges
- Use only Optionable Shares
- Edit existing Strategies
- Create New Strategies
VectorVest

Precision Trading Systems

3:30 PM – 4:15 PM
What do we mean by ‘Precision’?

precision n.
1. The state or quality of being precise; exactness.
   a) The ability of a measurement to be consistently reproduced.
   b) The number of significant digits to which a value has been reliably measured.

* www.thefreedictionary.com

Precision Trading Systems are rule-driven portfolios that make money year in and year-out regardless of market direction.
Precision Trading Systems

Precision Trading Systems are as easy as 1-2-3!

1. When to be Bullish vs. Bearish
2. What stocks to pick
3. When to close a position

When to be Bullish vs. Bearish

GLB/RT Kicker Timing Model

**Up** signals are given when:
1. A **Green** Light is signaled in the Price column of the Color Guard.
2. The Relative Timing (RT) kicker is established when the following condition occurs while analyzing the VectorVest Composite (VVC): 5-Day RT SMA > 20-Day RT SMA.

**Down** signals are given when:
1. The confirmed call becomes C/Dn

**Neutral** signals are given when:
1. There is not a Green light signaled in the Color Guard Price column OR the 5-Day RT SMA, <= 20-Day RT SMA
2. The confirmed call did not become C/Dn
What Stocks to Pick

You may use any of the searches found in the ‘Precision Trading Systems’ folder in the UniSearch Tool.

When to Close A Position

What Stop-Loss Should I Choose?

<table>
<thead>
<tr>
<th>Search Name</th>
<th>Gain/Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Show Me the Money Long – AU modified</td>
<td>25% Gain /10% Loss</td>
</tr>
<tr>
<td>Stalwarts</td>
<td>25% Gain /10% Loss</td>
</tr>
<tr>
<td>High Growth Dividend Payers</td>
<td>20% Trailing Stop</td>
</tr>
</tbody>
</table>

*These tests were conducted from 19/12/12 to 30/12/12
Show Me the money Long – AU Modified, 20% gain / 10% Loss, 5 share basket stepping in 1 share at a time.
Conservative Stock Selection*

This test was conducted from 30/12/11 to 19/12/12. High Growth Dividend Payers, 20% TSL, 5 share basket stepping in 1 share at a time, and 2% Average Volume.

Prudent Stock Selection*

This test was conducted from 30/12/11 to 19/12/12. Stalwarts, 20% gain / 10% Loss, 5 share basket stepping in 1 share at a time, and 2% Average Volume.
Aggressive Stock Selection*

Show Me the Money Long – AU Modified, 25% gain / 10% Loss, 5 share basket stepping in 1 share at a time, and 2% Average Volume

Step Into Success

The best way to minimize your risk is to step into the market with just one or two shares at a time on confirmed green lights.
Maximise Profits

Use protective stop-loss orders to help manage risk and maximise your profits.

Precision Trading Going Forward

Paper Trading in Automated Portfolio Manager is as easy as A, B, C:

A. Buy shares when a green light appears in the Price column of the Color Guard AND a star appears in the box.
B. To find your share selections, use the searches located in the Precision Trading folder in the UniSearch Tool.
C. Close your positions to lock in profits and/or to limit losses when:
   1. Your stop-loss is met.
   2. A red triangle appears above the current day’s Price bar on the Market Timing Graph using the GLB/RT Kicker markers. The red triangle signals a Confirmed Down Call.
Create A ‘Paper’ Portfolio in VV 7

1. Move to the Portfolios tab of VectorVest and click ‘New’.
2. Give your portfolio a name, select the appropriate investment amount and commission. Click ‘Ok’.
3. Click on your new portfolio’s name to select it.
4. Add shares to the portfolio by clicking ‘Manage Portfolio’, then ‘Buy from Search’ (or Short from Search if a combo user). Select the Precision Trading search you want to use from the list. (You can add shares manually instead using ‘Add Trade’)

Create A ‘Paper’ Portfolio, Cont...

5. Change the number of shares you want to purchase from 10 to 5, then click ‘Buy Shares’.
6. Check your portfolio at the end of each trading day. Look at the ROI to see if your stop has been met. If it has, sell the position (select the share, right click, choose ‘Close Position’).
7. Check the GLB/RT Kicker Signal to see if it’s okay to buy (green triangle), if you should stay neutral (yellow circle) or if you should sell all positions (red triangle).
8. If it’s okay to buy shares, repeat step (4).
Precision Trading Systems

Watch the Strategy of the Week presentations to stay abreast of new developments.

Precision Trading Systems

Selected USA SOTW

14/09/12   The GLB/RT Kicker
28/09/12   Sure-Fire Success Trading Systems
05/10/12   Finding the Holy Grail?
12/10/12   Angel’s Secret Sauce
20/10/12   Users Guide to the Sure-Fire Success Trading Systems
26/10/12   RT Kicker Combo
02/11/12   A New Era of Successful Investing
09/11/12   A Dream Come True
Precision Trading Systems

AU Strategy of the Week Videos

21/09/12  Revisiting the GLB/RT Kicker in VV7
02/11/12  Doing Your Homework
09/11/12  Getting Extra Credit
16/11/12  Trading System Design Using the RT Kicker
23/11/12  Trading System Design Move Forward with Backtester
30/11/12  Preparing to Move Forward
14/12/12  Show Me the Money
VectorVest

The Daily Drill

4:15 PM – 4:30 PM
The Daily Drill

1. Read VectorVest Views
2. Decide if your Bullish or Bearish based on the RT Kicker.
3. If you’re bullish, decide what stocks to pick.
4. If you’re bearish, decide what you must sell.
5. Step in a position at a time.
6. Use protective stop-loss orders.

Mission Statement

Our Mission is to provide the best stock market guidance available anywhere at any price.
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