



VectorVest[®]

Stock Analysis & Portfolio Management system

Trade Like A Pro



Featuring:

- Strategies of the Pros
- Risk Management
- Trade Execution

AGENDA AND WORKBOOK

2017, Copyright VectorVest, Inc.

ALL RIGHTS RESERVED. No part of this publication may be reproduced in any form or by any means without the prior written permission of the publisher and the copyright holder, VectorVest, Inc.

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.

VectorVest Product Description

VectorVest 7 - VectorVest 7 comes in three formats, End of Day, IntraDay and RealTime for U.S. and Canadian markets. Additional End-of-Day markets include: Australia, Europe, Hong Kong, Singapore, South Africa, and United Kingdom. VectorVest 7 analyzes, sorts, ranks and graphs thousands of stocks using an advanced, user-friendly platform that is highly customizable. VectorVest 7 provides Buy, Sell and Hold recommendations on every stock, every day and a complete analysis using more than 40 technical and fundamental indicators. Most importantly it gives you market timing updates for precise trading entry and exit points so you can consistently buy low and sell high. The program may be installed on multiple computers for convenience.

VectorVest RealTime Derby - The VectorVest 7 Derby works with VectorVest RealTime to offer a revolutionary, new approach to real-time trading. It runs over a hundred and eighty strategies simultaneously to immediately identify the best performing strategies at any given moment of the day. The Derby ToteBoard analyzes and compiles the results in four different analysis modes - day trading, Buy and Hold, Vary the Start Date and Sliding Window to point you straight to the most consistent, money making strategies for your trading style. Available for an annual fee of \$1,095.

VectorVest RoboTrader - Eliminate Emotions from Your Trading - What if you could trade your plan the way it was intended? This powerful tool makes it much easier to manage your portfolio by keeping your emotions out of the way—improving your investment success. RoboTrader watches your portfolio around the clock, in real-time, so you don't have to devote your time and attention. When it's time to make a trade the RoboTrader will send you an alert. Simply approve the trade and RoboTrader will place it with your broker directly from VectorVest. **Includes AutoTimer FREE!** You can add RoboTrader to your subscription for \$99/month or \$50/month with a subscription to the Derby.

VectorVest OptionsPro - This sophisticated options platform integrates seamlessly with the power and performance of the VectorVest system to help you quickly and easily identify optimal options trades in real-time. I'm confident that this brand new money-making resource will not only save you tons of time, but also deliver a significant boost to your bottom line. You can add OptionsPro to your subscription for \$249/month or \$2,795/year.

VectorVest ProTrader v7.0 Searches - ProTrader 7 Searches runs over 28 built-in technical searches which can be easily customized, or point and click to build your own. If you're tired of searching through endless charts looking for that golden opportunity, ProTrader 7 Searches is the tool for you! Available for a one-time fee of \$495* or **FREE** with a subscription to VectorVest RealTime.

VectorVest Options Analyzer - The VectorVest Options Analyzer accesses the VectorVest database and allows you to verify and examine the Profit/Loss implications at expiration of options trades. It also allows you to perform sensitivity studies of all the factors affecting the option premiums prior to expiration. It is perfect for back-testing ideas and for assessing potential option trades. Available for a one-time fee of \$495.

VectorVest AutoTimer - AutoTimer's awesome backtesting capabilities help you create and refine your winning plan - then put your trading plan into action with the Portfolio Genius. AutoTimer can be used in historical mode to create, test and refine your perfect automated trading system, complete with market timing, stock selection, stop criteria and a host of other money management options. Autotimer can also be used as a sophisticated paper trading tool. Used in conjunction, the Genius + AutoTimer sends alerts when it's time to make a trade. Available for a one-time fee of \$495 or FREE with a subscription to VectorVest RealTime.

VectorVest WatchDog - VectorVest's Watchdog monitors the entire market or your selected WatchLists to instantly alert you to specific technical signals. Choose from MACD or Support & Resistance criteria and receive alerts in the software as well as by email/txt so you never miss a potential trade again! Available for a one-time fee of \$495* or FREE while subscribed to VectorVest RealTime.

VectorVest Options Course 4-CD Set - Learn how to increase your portfolio's profit potential, while reducing your risk. This course begins with a thorough introduction to options terminology, characteristics and pricing and teaches you the ins-and-outs of the most effective options strategies. Each strategy is broken down in detail using case studies and profit & loss analysis which are illustrated using the Options Analyzer. Over 9 instructional hours! Available for only \$995. PLUS, if you purchase this video set through VectorVest, you may attend a live VectorVest Options Course for only \$295.

Special Book Pricing for Seminars Only

**Up to 50% off list prices*

Title	List	Seminar
<p>1. A Beginner's Guide to Short-Term Trading: Maximize Profits in 3 Days to 3 Weeks-Turner</p> <p>Covers the core principles and strategies associated with short-term trading and includes everything from which charting techniques are most useful to topics such as short-selling methods and proper money management for fast-paced markets.</p>	\$16.95	\$13.56
<p>2. Get Rich with Options – Lee Lowell</p> <p>This book gives you the basic foundation on the hows and whys of options trading. It will teach you the four best option strategies that will increase your wealth like no one else will.</p>	\$45.00	\$36.00
<p>3. Hit and Run Trading Updated - Cooper</p> <p>This book teaches readers different methods used for day-trading and swing trading.</p>	\$100.00	\$80.00
<p>4. Little Book of Trading - Michael W. Covel</p> <p><i>The Little Book of Trading</i> teaches the average person rules and philosophies that winners use to beat the market, regardless of the financial climate.</p>	\$19.95	\$15.96
<p>5. Options Made Easy: Your Guide to Profitable Trading - Cohen</p> <p>This is an easy-to-read yet comprehensive guide to options trading. It will guide through the process of selecting stocks & continue all the way to implementing options trade safely.</p>	\$39.99	\$31.99
<p>6. Options Playbook – Brian Overby</p> <p>The Options Playbook was created to demystify option trading and teach different option plays for all market conditions.</p>	\$35.00	\$28.00
<p>7. Reality Driven Investing: Statistics That Make a Difference – Donald L. Hinman</p> <p>This book presents an easy-to-understand guide for scouting good stocks</p>	\$24.99	\$19.99
<p>8. Stock Market Profits: Seven Simple Secrets – Drew Sands</p> <p>This is a short, easy-to-understand book for the stock market beginner, winner or loser that contains must-have information</p>	\$17.91	\$14.33
<p>9. Stocks, Strategies & Common Sense – Bart DiLiddo, PhD</p> <p>This book contains the foundation and core concepts for the VectorVest Stock Analysis and Portfolio Management System. Dr. DiLiddo is the author of the book and founder of the VectorVest Advisory</p>	\$19.95	\$9.95
<p>10. The Bible of Options Strategies: The Definitive Guide for Practical Trading Strategies</p> <p>This is an all-in-one practical, easy-to-use reference guide to the world's most common options trades. It will teach you why each strategy works, when it is appropriate to use and how to place the trade step-by-step.</p>	\$65.99	\$52.79
<p>11. The New Savage Number - Savage</p> <p>This book illustrates strategic guidance steps along with hands-on techniques that are essential for one to plan for a successful retirement.</p>	\$16.95	\$13.56
<p>12. The New Sell & Sell Short - Elder</p> <p>How to take profits, cut losses, and benefit from price declines. Expanded 2nd Edition</p>	\$39.99	\$31.99

Agenda – Day 1

09:00 Welcome & Introduction

09:15 Trading Like A Pro

09:45 Harami Patterns

10:30 Lab

11:15 Break

11:30 Soldiers and Crows

12:15 Lab

01:00 Lunch

02:00 Risk Management

02:45 How to Determine Market Direction

03:15 Break

03:30 Popular ProTrader Searches

04:15 Lab

05:00 Cocktail Reception

05:30 Night Session – Preparing to Trade Tomorrow

Agenda – Day 2

- | | |
|-------|-------------------------------------------------|
| 09:00 | Day 1 Recap |
| 09:30 | Strategies of the Pros (Steve Bigalow) |
| 10:15 | Lab |
| 11:00 | Break |
| 11:15 | Strategies of the Pros (Linda Bradford Raschke) |
| 12:00 | Lab |
| 12:45 | Lunch |
| 01:45 | Strategies of the Pros (Charles Schaap) |
| 02:30 | Lab |
| 03:15 | Break |
| 03:30 | Strategies of the Pros (Larry Connors) |
| 04:15 | Lab |
| 05:00 | Adjourn |

Agenda – Day 3

- 08:30 Trade Setups
- 09:15 Checking the Futures
- 09:30 Opening Bell
- 10:00 Pulling the Trigger
- 10:10 Break
- 10:30 Trade Analysis
- 11:30 The VectorVest Advantage
- 12:00 Diplomas

Trading Like A Pro

Trading Like a Pro

9:15 AM – 9:45 AM

Trading Like A Pro

To trade like a Pro,
you have to think like a Pro!

Trading Like A Pro

Characteristics of a Pro

1. Realistic - Unemotional - Objective
2. Systematic - Prepared - Disciplined
3. Risk Averse

Trading Like A Pro

Realistic – Unemotional – Objective

Trading Like A Pro

Realistic

To be a successful trader, you need to know your abilities and your limitations.

Trading Like A Pro

Unemotional

Don't allow losing trades to affect you.
Your success or failure as a trader depends
on controlling your emotions.

Trading Like A Pro

Objective

Place trades based on facts and data rather
than personal or "gut" feelings.

Trading Like A Pro

Systematic – Prepared - Disciplined

Trading Like A Pro

Elements of Systematic Trading:

1. A signal generation system
2. A portfolio tracking system
3. A risk management system

Trading Like A Pro

Prepared

Examine and test various techniques to determine the one that's right for you.

Trading Like A Pro

Disciplined

Plan the trade and trade the plan.

Remain focused when things are going your way and resilient when they are not.

Trading Like A Pro

Risk Averse

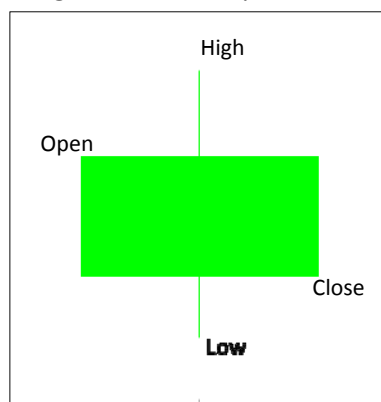
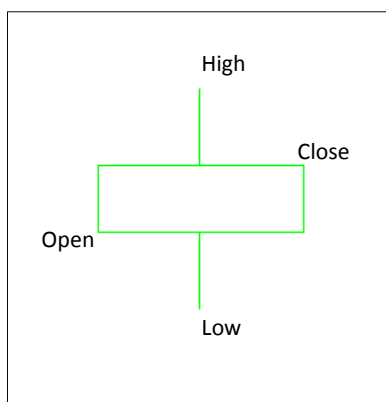
Trading Like A Pro

Harami Patterns

9:45 AM – 10:30 AM

Candlestick Structure

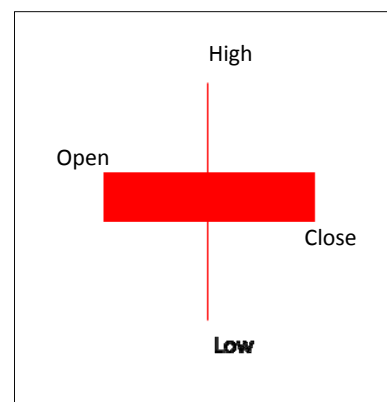
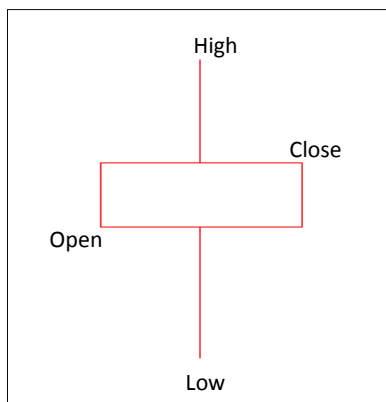
- Price – Candlestick (Green candle = Higher close than previous day)



- Range – the difference between the high and the low prices

Candlestick Structure

- Price – Candlestick (Red candle = Lower close than previous day)



- Range – the difference between the high and the low prices

Identify Changes in Sentiment

Though single candlesticks convey valuable information about the changes in a market's supply and demand balance, a succession of candlesticks taken together, is more pertinent as they form a pattern.

Bullish Harami

- The market is characterized by a prevailing downtrend.
- A filled red candle is observed on the first day.
- The unfilled green body that is formed on the second day is completely engulfed by the body of the first day.
- **The confirmation level is defined as the last close or the midpoint of the filled red body, whichever is higher. Prices should cross above this level for confirmation.**
- **The stop loss level is defined as the lower of the last two lows.**

Bullish Harami



Bullish Harami Example



Bullish Harami Example



Bullish Harami Example



Case Study: Bullish Harami

Date: August 22, 2017

Situation: VVC formed a Doji the prior day at support

Search: Bullish Harami

1. Click on the UniSearch tab.
2. Click on the Searches – Candlesticks folder and select Bullish Harami
3. Add Stochastics below 20 for the past 2 day's.
4. Run Search on 08/22/17.
5. Graph the top 10.

Bearish Harami

- The market is characterized by a prevailing uptrend.
- An unfilled green body is observed on the first day.
- The filled red body that is formed on the second day is completely engulfed by the body of the first day.
- **The confirmation level is defined as the last close or the midpoint of the unfilled green body, whichever is lower. Prices should cross below this level for confirmation.**
- **The stop loss level is defined as the higher of the last two highs.**

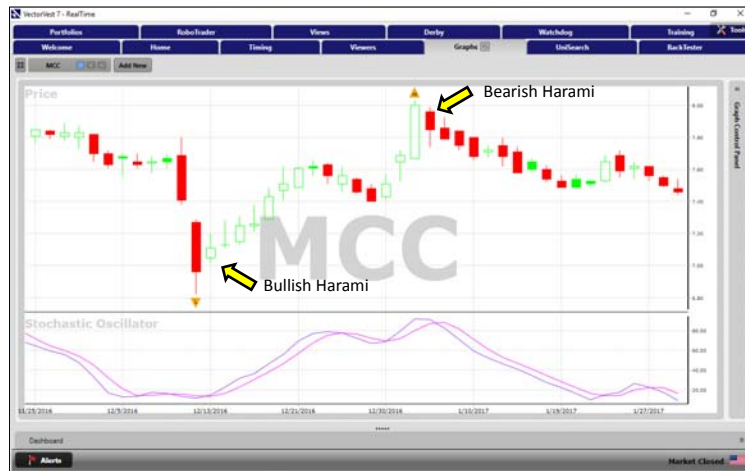
Bearish Harami



Bearish Harami Example



Bearish Harami Example



Bearish Harami Example



Case Study: Bearish Harami

Date: March 2, 2017

Situation: VVC formed a Bearish Harami

Search: Bearish Harami

1. Click on the UniSearch tab.
2. Click on the Searches – Candlesticks folder and select Bearish Harami
3. Add Stochastics above 80 for the past 2 day's.
4. Run Search on 03/02/17.
5. Graph the top 10.

Trading Like A Pro

LAB

10:30 AM – 11:15 AM

Trading Like A Pro

Break

11:15 AM – 11:30 AM

Trading Like A Pro

Soldiers and Crows

11:30 AM – 12:15 PM

One White Soldier (Bullish)

- The market is characterized by a prevailing downtrend.
- A filled red candle is observed on the first day.
- The unfilled green body that is formed on the second day opens higher than the prior day's close and closes higher than the prior day's open.
- **The confirmation level is defined as the last close. Prices should cross above this level for confirmation.**
- **The stop loss level is defined as the last low.**

One White Soldier (Bullish)



One White Soldier Example



One White Soldier Example



One White Soldier Example



One White Soldier Example



Case Study: One White Soldier

Date: March 22, 2017

Situation: VVC formed a Hammer at Support

Search: Bullish - Piercing Pattern

1. Click on the UniSearch tab.
2. Click on the Searches – Candlesticks folder and select Bullish – One White Soldier
3. Add Stochastics below 20 for the past 2 day's.
4. Run Search on 03/22/17.
5. Graph the top 10.

One Black Crow (Bearish)

- The market is characterized by a prevailing uptrend.
- An unfilled green candle is observed on the first day.
- The filled red body that is formed on the second day opens lower than the first day's close and closes lower than the first day's open.
- **The confirmation level is defined as the last close. Prices should cross below this level for confirmation.**
- **The stop loss level is defined as the last high.**

One Black Crow (Bearish)



One Black Crow Example



One Black Crow Example



One Black Crow Example



Case Study: One Black Crow

Date: March 2, 2017

Situation: VVC formed a Bearish Harami

Search: Dark Cloud Cover

1. Click on the UniSearch tab.
2. Click on the Searches – Candlesticks folder and select Bearish - Dark Cloud Cover
3. Add Stochastics above 80 for the past 2 day's.
4. Run Search on 03/02/17.
5. Graph the top 10.

Trading Like A Pro

Lab

12:15 PM – 1:00 PM

Trading Like A Pro

Lunch

1:00 PM – 2:00 PM

Trading Like A Pro

Risk Management

2:00 PM – 2:45 PM

Risk Management

Trade Implementation begins with good
Risk Management

Risk Management

To be a successful trader,
quality risk management is necessary

Preserve Capital
Enhance Confidence
Improve Profitability

Risk Management Tactics

Asset Allocation

“Every investor needs to determine the best asset allocation mix for them based upon their own ability to accommodate risk.”

-Dr. Bart A. DiLiddo
(VV Views – 02/07/03)

Risk Management Tactics

Position Sizing and Stop Losses

You should not risk anymore than 1-2% of your portfolio value on any single position.

Risk Management Tactics

$$S = (100 * R * N) / C$$

Where

S = Stop-Loss Percent.

R = % Risk on any single position.

N = Number of positions, and

C = Percent of Capital employed.

Basically, we prefer to keep R, the percent risk of loss on any single position, equal to one percent. So with five positions and 100% of our capital invested, we should be using a 5% Stop-Loss.

Risk Management Tactics

Diversification

Diversify in When and What you buy.

Risk Management Tactics

- Step into the market acquiring a few positions at a time.
- Maintain a 5 – 10 stock portfolio
- Use options to gain leverage and reduce risk

Risk Management Tactics

Buy Stop Limit Orders

Set BSL order 1/8 point higher than the previous day's high.

Risk Management Tactics

Buy Stop Limit Order: An order placed with a broker that combines the features of a stop order with those of a limit order. A stop-limit order will be executed at a specified price (or better) after a given stop price has been reached. Once the stop price is reached, the stop-limit order becomes a limit order to buy (or sell) at the limit price or better.

*Investopedia.com

Risk Management Tactics

For example, let's assume that PSXP hit a high of \$63.81 on January 14, 2015 and an investor wants to buy the stock once it begins to show some serious upward momentum. The investor has put in a stop-limit order to buy with the stop price at \$63.94 (1/8 point) and the limit price at \$64.19 (1/2 point above the buy stop order). If the price of PSXP moves above the \$63.94 stop price, the order is activated and turns into a limit order. As long as the order can be filled under \$64.19 (the limit price), then the trade will be filled. If the stock gaps above \$64.19, the order will not be filled.

Buy Stop Limit Order Example Chart (PSXP)



Risk Management Tactics

VectorVest Stop Criteria:

- Rec = Sell
- Rec <> Buy
- VST < 1
- RT < 1
- % Gain/Loss
- Prior Day's Close
- Prior Day's Stop Price
- Ratchet Stop
- Trading Stop
- Trailing Stop
- Prior Day's Low Price
- Trailing Average True Range Stop

Risk Management Tactics

Important Essays

02/07/03 Asset Allocation
08/18/06 Risk, Patience and Reward
08/25/06 Risk, Patience and Reward II
09/01/06 Risk, Patience and Reward III
02/20/09 How to Set the Right Stop-Loss Percent
06/26/09 Position Sizing and Portfolio Management

Trading Like A Pro

How to Determine Market Direction

2:45 PM – 3:15 PM

Timing the Market

“The single most important thing to know is whether the market is going up or down. Everything follows from that.”

- *Dr. Bart A. DiLiddo*

Timing the Market

Step 1

Watch the Daily Color Guard Report or consult the Color Guard each day to identify market direction.

The Color Guard

Provides a simple, easily recognizable way of knowing when to buy and when Not to buy.

Color Guard Guidance

LIGHTS	TRENDS	MEANING	ACTION
3 Green	UpUp	The Color Guard is Bullish	Buy
2 Green	UpUp	The Color Guard is Somewhat Bullish	Buy
1 Green	UpUp	The Color Guard is Mildly Bullish	Buy
1 Green	UpDn	The Color Guard is Mildly Bullish	Buy w Caution
3 Yellow	UpUp	The Color Guard is Neutral	Buy w Caution
3 Yellow	UpDn	The Color Guard is Neutral	Buy w Caution
3 Yellow	DnUp	The Color Guard is Neutral	Do Not Buy
3 Yellow	DnDn	The Color Guard is Neutral	Do Not Buy
1 Red	DnUp	The Color Guard is Mildly Bearish	Do Not Buy
1 Red	DnDn	The Color Guard is Mildly Bearish	Do Not Buy
2 Red	DnDn	The Color Guard is Somewhat Bearish	Do Not Buy
3 Red	DnDn	The Color Guard is Bearish	Do Not Buy

Timing the Market

Step 2 – Do Your Homework

Once a directional bias is established, create a Quickfolio of potential trades the night before.

Timing the Market

Step 3 – Prepare to Trade

Check the futures in the morning for added confirmation of your directional bias.
The market generally opens in the direction indicated by the futures.

Timing the Market

Step 4 – Wait for Confirmation

If you're able to watch the market open, wait until 10:00 AM ET and be sure the market is still moving in your direction. For Midnight Cowboys, use Buy/Sell Stop Limit Orders to enter trades.

- Rising if you're going Long
- Falling if you're going short

Timing the Market

Step 5 – Place Your Trades

Finally, consult your Quickfolio to determine which trades you will place.

- Buy rising stocks in rising markets
- Short falling stocks in falling markets

VectorVest Views

The best place to gain market insights, find new strategies, and learn how to make money with VectorVest!

Trading Like A Pro

Break

3:15 PM – 3:30 PM

Trading Like A Pro

**Popular Technical
Indicator Searches**

3:30 PM – 4:15 PM

ProTrader Searches

- Moving Average Crossovers
- Star Search

Moving Average Crossover

- Classic technical analysis technique
- Finds stocks where the short-term moving average has crossed the long-term moving average
- Can require both moving averages to be moving in the same direction
 - Only recommended for lengths ≤ 20 days

Moving Average Crossover Signals

- Bullish signal – fast (short-term) moving average crosses above the slow (long-term) moving average
- Bearish signal – fast (short-term) moving average crosses below the slow (long-term) moving average

Moving Averages

There are 3 types of Moving Averages:

- Simple Moving Average (SMA)
- Exponential Moving Average (EMA)
- Weighted Moving Average (WMA)

Moving Averages

Simple Moving Average

- Arithmetic Average:
 - Sum the prices (e.g., close) for each day in the look back window
 - Divide sum by the number of days in the look back window
- Simple Moving Average – the simple average of prices in a fixed-length moving window

Moving Averages

Exponential Moving Average

- Description:
 - The EMA assigns one weight (between 0 and 1) to today's price and the complement of that weight to yesterday's EMA
 - The smoothing weight value is calculated based upon the number of days

Moving Averages

Weighted Moving Average

- Description:
 - WMA assigns different weights to the prices in the look back window
 - Most recent prices are considered most important
 - Largest weights assigned to most recent prices

Moving Averages



Sensitivity of Moving Averages

Type of Moving Average	Sensitivity
Simple	Least
Exponential	Medium
Weighted	Most

Case Study: EMA Crossover (Bullish)

Date: April 20, 2017

Situation: VVC 3 and 8 Bullish EMA Crossover.

Search: 3 & 8 Day EMA Crossover – Bullish

1. Click on the UniSearch tab.
2. Click on the Trade Like a Pro Folder, then click on 3 and 8 day EMA Crossover – Bullish.
3. Run Search on 04/20/17.
4. Graph the top 10.

Bullish EMA Crossover Example Chart for (CC)



Combining Technical Indicators

The Star Search technique combines the DPO with Bollinger Bands and creates “Trading Lanes” to help manage your trades.

Star Search (Bullish)

1. Enter trade when price breaks above upper Bollinger Band and 20 day DPO turns bullish.
 - 20 day look back, 1 Standard Deviation (Bollinger Bands)
2. Stay in the trade as long as price stays in the “Fast Lane.”
3. You may close the position once the price crosses into either the middle or right hand lanes or the 9 day DPO crosses bearish.

Bollinger Bands

Description:

- The purpose of Bollinger Bands is to provide a relative definition of high and low.
- By definition prices are high at the upper band and low at the lower band.
- The bands indicate overbought and oversold levels.

Bollinger Bands

Calculation: VectorVest Default

- Middle Bollinger Band = 10-period simple moving average
- Upper Bollinger Band = Middle Bollinger Band + 2 standard deviations (10 Period)
- Lower Bollinger Band = Middle Bollinger Band - 2 standard deviations (10 Period)

Bollinger Bands

Interpretation:

- Contracting band warns of an upcoming breakout in the market.
- A trend that hugs a band indicates a strong trend that will likely continue.
- A move outside the band indicates a statistically unusual price trend that is likely to reverse.

Bollinger Bands vs. Envelopes

Bollinger Bands:

- Based upon standard deviations.

Envelopes:

- Based upon a percentage of a moving average.

Case Study: Star Search (Bullish)

Date: May 22, 2017

Situation: DEW is UP

Search: Star Search

1. Click on the UniSearch tab.
2. Click on the ProTrader Folder, then Star Search.
3. Run Search on 05/22/17.
4. Graph the top 10.

Star Search Example Chart for (TRV)



Trading Like A Pro

Lab

4:15 PM – 5:00 PM

Trading Like A Pro

Cocktail Reception

5:00 PM – 5:30 PM

Trading Like A Pro

Night Session Preparing to Trade Tomorrow

5:30 PM

Trading Like A Pro

Day 1 Recap

9:00 AM – 9:30 AM

Trading Like A Pro

Strategies of the Pros

Steve Bigalow

9:30 AM – 10:15 AM

Trading Like A Pro

Candlestick Breakout Patterns

1. Favors stocks in overbought or oversold conditions.
2. Bigalow looks for specific candlestick patterns as his setup.
 - Only trades those patterns during overbought or oversold conditions.

Breakout Strategies

Candlestick Breakout Patterns

by Steve Bigalow

Key Concepts

1. Candlestick signals in an overbought or oversold condition usually indicate an imminent trend change.
2. Adds an oscillator (Stochastics – 14,3) and a Moving Average (T-line/8-Day EMA) to pinpoint entries and exits.
3. Waits for confirmation (follow through) to place the trade.
 - The lack of confirmation shows no change in investor sentiment.
4. It can be used in any time frame.
 - i.e., weekly, daily, intraday

Stochastics Oscillator

Description:

- Developed by George Lane
- Compares the closing price to the range (high – low) over a specified look back period (n)
- Close near high = strength
- Close near low = weakness
- Combines two elements: Moving averages and relative strength
- Calculations – very tedious

Stochastics Oscillator

Interpretation:

- A Stochastic level above 80 usually indicates an overbought level.
- A Stochastic level below 20 usually indicates an oversold level.
- Watch for bullish or bearish divergences to identify trend changes when the indicator is at an overbought or oversold level
- Works best in a neutral (non-trending) market

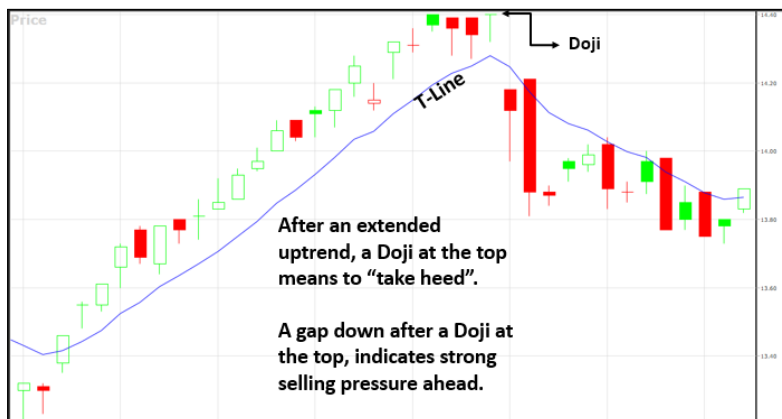
Stochastics Chart Example (KTOS)



Doji Rules

1. Doji at the top – Take Profits.
 - The further away price is from the T-line, the higher the probability it pulls back to retest it.
2. Doji at the bottom – Requires Bullish confirmation in order to enter the trade.
3. If 1 Doji means indecision, a series of Doji's means greater indecision.
4. The trend will usually move in the direction of the next open.

Breakout Strategies



Bearish Engulfing



Bearish Harami



Application: Setup and Trigger Method

- Setup – conditions that tell you to get ready to enter a trade
- Trigger – condition that tells you to execute a trade entry

Your Best Friend (Bullish)

Your Best Friend

Setup:

Look for a Doji candlestick in an oversold condition in which Stochastics is below 20.

- Represents indecision about the direction of the market.

Trigger:

Wait for confirmation in the form of a gap up and buy immediately after the open as long as price continues to rise.

Your Best Friend (Bullish)

Exit Criteria:

1. If Price closes lower than the average price of the trigger candle.
2. If you receive a candlestick sell signal in the overbought condition.
 - i.e., a Doji, Bearish Engulfing, Bearish Harami, Hanging Man, etc.
3. If Price closes below the T-line.

Your Best Friend Long Example Chart (BRO)



Your Best Friend Long Example Chart (BGCP)



Your Best Friend Long Example Chart (KN)



Your Best Friend

How do you know if you're in the right trade?

1. After Doji - If price gaps up and closes above the T-line (8-Day EMA).
2. If the stock is also retracing from a Moving Average.
 - i.e., 50 or 200 Day MA
3. If the stock opens higher the following day.

Case Study: Your Best Friend (Bullish)

Date: May 19, 2017
Situation: VVC retraced from support
Search: Your Best Friend

1. Click on the UniSearch tab.
2. Click on the Trade Like a Pro folder and select Your Best Friend.
3. Run Search on 05/19/17.
4. Graph the top 10.

Your Best Friend Long Example Chart (VMW)



Trading Like A Pro

LAB

10:15 AM – 11:00 AM

Trading Like A Pro

Break

11:00 AM – 11:15 AM

Trading Like A Pro

Strategies of the Pros

Linda Bradford Raschke

11:15 AM – 12:00 PM

Trading Like A Pro

The Holy Grail by Linda Bradford Raschke

1. The principle behind the Holy Grail set up is to take advantage of a retracement to enter in the direction of the emerging or existing trend.
2. It can be used as a swing or day trading strategy.

Breakout Strategies

The Holy Grail by Linda Bradford Raschke

Key Concepts

1. Go With the Flow – Trade with the Trend
2. Wait for Confirmation (follow through)
3. Manage the Trade

The Holy Grail

Bullish Entry Rules:

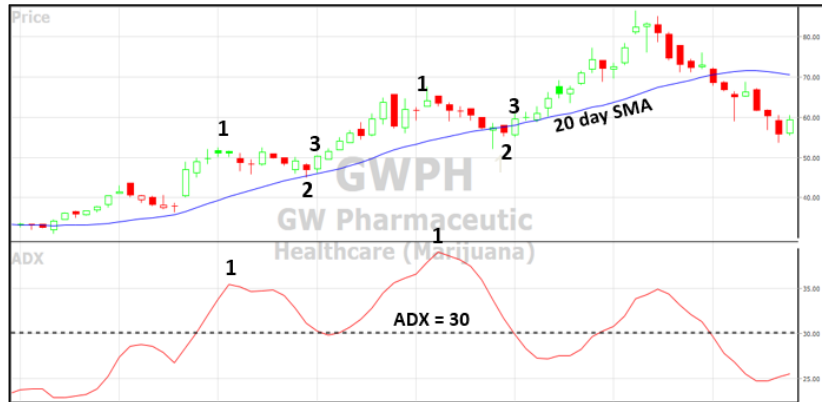
1. A 14-period ADX must initially be greater than 30 and rising.
 - This will identify a strongly trending market
2. Look for a retracement in price down to the 20-period SMA.
 - Usually the price retracement will be accompanied by a turndown in the ADX
3. When the price touches the 20-period SMA, place a buy stop above the previous day's high price.

The Holy Grail

Exit Criteria:

1. Once filled, enter a protective sell stop at the newly formed swing low.
2. Trail the stop as profits accrue and look to exit at the most recent swing high.
 - If you think the stock may continue its move, you might exit part of the position at the recent swing high and tighten your stop on the balance.
3. After a successful trade, the ADX must once again turn up above 30 before another downswing to the 20-day SMA can be traded.

The Holy Grail (Bullish)



The Holy Grail (Bullish)



Case Study: The Holy Grail (Bullish)

Date: December 2, 2016

Search: VVC kissed the 20 Day MA

1. Click on the UniSearch tab.
2. Click on the Trade Like a Pro folder, then click on The Holy Grail
3. Run Search on 12/02/16.
4. Graph the top 10.

The Holy Grail Example Chart (PDFS) (Bullish)



The Holy Grail

Bearish Entry Rules:

1. A 14-period ADX must initially be greater than 30 and rising.
 - This will identify a strongly trending market
2. Look for price to rise up to the 20-period SMA.
 - Usually the price move will be accompanied by a turndown in the ADX
3. When the price touches the 20-period SMA, place a sell stop below the previous day's low price.

The Holy Grail

Exit Criteria:

1. Once filled, enter a protective stop at the newly formed swing high.
2. Trail the stop as profits accrue and look to exit at the most recent swing low.
 - If you think the stock may continue its move, you might exit part of the position at the recent swing low and tighten your stop on the balance
3. After a successful trade, the ADX must once again turn up above 30 before another retracement to the 20-day SMA can be traded.

The Holy Grail (Bearish)



Case Study: The Holy Grail (Bearish)

Date: January 4, 2016

Search: DEW Dn and VVC retracing from 20 day MA

1. Click on the UniSearch tab.
2. Click on the Trade Like a Pro folder, then click on The Holy Grail - Bearish
3. Run Search on 01/04/16.
4. Graph the top 10.

The Holy Grail Example Chart (USAC) (Bearish)



Trading Like A Pro

LAB

12:00 PM – 12:45 PM

Trading Like A Pro

Lunch

12:45 PM – 1:45 PM

Trading Like A Pro

Strategies of the Pros

Charles Schaap

1:45 PM – 2:30 PM

Trading Like A Pro

The 50-50 Strategy

1. The 50-50 strategy is a strategy for trend trading.
2. It is especially useful for swing to long term investors.

Trading Like A Pro

The 50-50 Strategy by Dr. Charles Schaap

Key Concepts

1. Takes into account the long term, intermediate and short term trends.
2. Looks for pullbacks (retracements) to an intermediate MA (50-day).
3. Adds an oscillator (RSI) to the short term trend reversal for a more precise entry.
4. It can be used in any time frame.
 - i.e., weekly, daily, intraday

Relative Strength Index (RSI)

Description:

- Widely used Oscillator, developed by J. Welles Wilder, Jr.
- Designed to identify overbought and oversold conditions.
- It was scaled to oscillate from 0 to 100.

Relative Strength Index (RSI)

Interpretation: Industry Standard

- An RSI level above 70 usually indicates an overbought level.
- An RSI level below 30 usually indicates an oversold level.
- Watch for bullish or bearish divergences to identify trend changes.

Modifying RSI Signals

Increasing the length of the lookback period:

- Decreases sensitivity
- Decreases number of signals
- Increases stability of signals

Decreasing the length of the lookback period:

- Increases sensitivity
- Increases number of signals
- Decreases stability of signals

Trading Like A Pro

RSI can be used to identify overbought or oversold conditions, but it also has trend-following characteristics.

- Trend strength is indicated when the 20-day RSI is above 50 (bullish) or below 50 (bearish).
- A cross from below 50 to above 50 is a buy signal and a cross from above 50 to below 50 is a sell (short) signal.

Trading Like A Pro

By examining both the 50 and 200-day MA, we can quickly judge the intermediate and long term trends of a stock.

50-50 Strategy (Bullish)

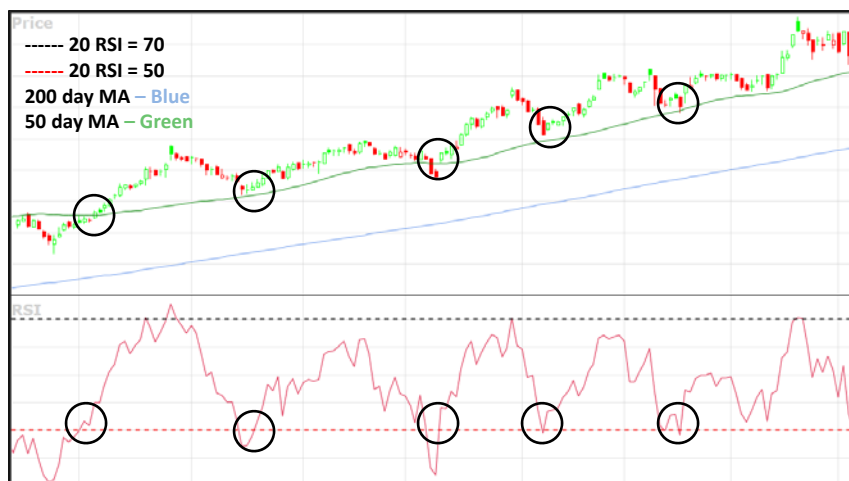
1. Look for the 50 Day MA and the 200 Day MA to be trending higher. (The wider the separation between the two, the stronger the trend)
2. Buy when:
 - Stock is uptrending and pulls back to the 50-day MA
 - RSI 20 is above 50
 - When the price touches the 50-period MA, place a buy stop above the previous day's high price.
 - Initial stop-loss is .25 below the low of the reversal

50-50 Strategy (Bullish)

3. Exit when:

- RSI 20 reaches 70, *or*
- Price crosses below its 50 Day MA
- Bearish candlestick formations

50-50 Example Chart for (GILD) (Bullish)



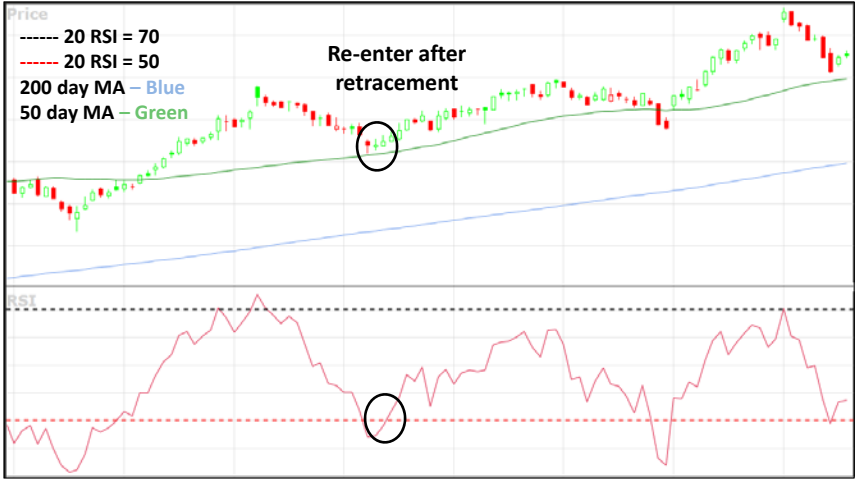
50-50 Example Chart for (GILD) (Bullish)



50-50 Example Chart for (GILD) (Bullish)



50-50 Example Chart for (GILD)
(Bullish)



50-50 Example Chart for (GILD)
(Bullish)



50-50 Example Chart for (GILD) (Bullish)



50-50 Example Chart for (GILD) (Bullish)



50-50 Example Chart for (GILD) (Bullish)



50-50 Example Chart for (GILD) (Bullish)



Case Study: 50/50 (Bullish)

Date: May 18, 2017

Situation: VVC forming a 50/50 pattern.

Search: 50/50

1. Click on the UniSearch tab.
2. Click on the Trade Like a Pro folder, then click on 50/50.
3. Run Search on 05/18/17.
4. Graph the top 10.

50-50 Example Chart for (CSX) (Bullish)



Trading Like A Pro

Power Trend Principles

1. Seeks to trade only the strongest trends, thereby minimizing risk and achieving greater profits in a short period of time.
2. The goal is to enter as early as possible at the beginning of the stock's trend.

Power Trend Principles

ADXcellence

Key Concepts

1. Enters trades off of general market bottoms or market corrections.
2. The best trends begin after periods of low ADX.
3. Watch for spikes in volume that correlate to ADX and DMI signals.

ADXcellence

- ADX and DMI Diff are valuable indicators.
- They can form the basis for an entire strategy,
or
- They can be used to define a trending condition or a setup condition based upon some other indicator.

Average Directional Index (ADX)

Description:

- The ADX measures the degree of trend in a price series.
- The ADX is measured on a scale of 0 to 100.
- ADX can also be used to identify non-trending markets, or a deterioration of an ongoing trend.
- ADX does not give the direction of the trend.

Average Directional Index (ADX)

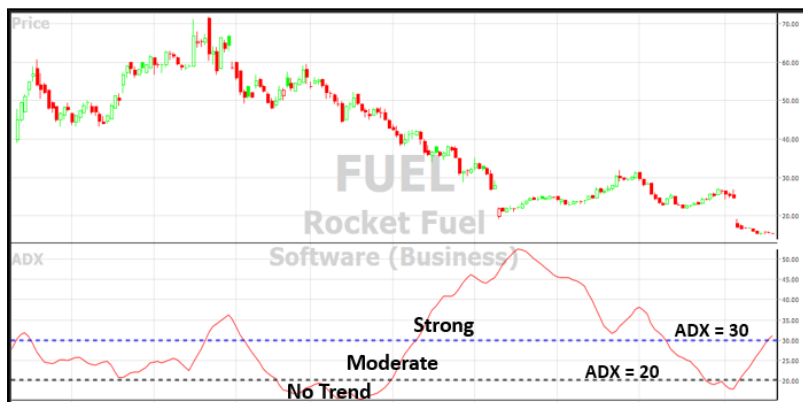
Interpretation:

- An ADX level less than 20 indicates a weak trend or neutral market.
- An ADX level crossing above 20 may indicate the beginning of a trending market.
- An ADX level above 30 indicates a strong trend.

Using ADX to Spot an Uptrend



Using ADX to Spot an Downtrend



ADX Shortcoming (cont.)

Problem – the ADX does not promptly recognize the new strong trend

- ADX is still using the data from the strong uptrend while adding new data from the strong downtrend.
- ADX will decline for a while until the first trend data drop out of the look back window.
- More common at market tops than at market bottoms.

DMI (Directional Movement Indicator)

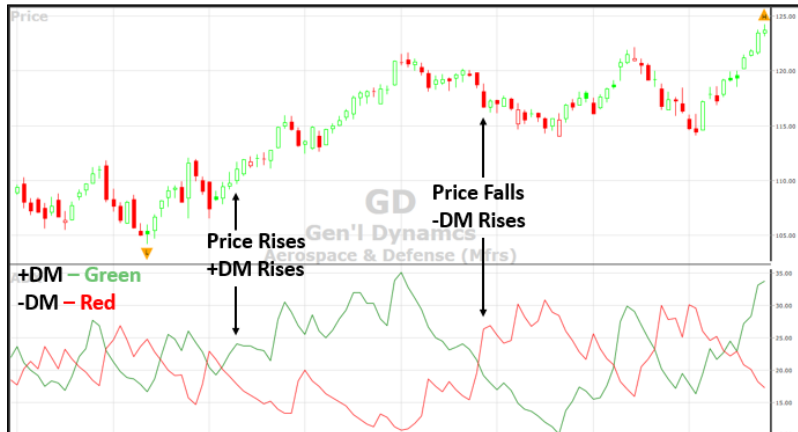
Solution:

- DMI shows the direction of price.
 - When +DM is above -DM, the price momentum is up
 - When +DM is below -DM, the price momentum is down
- DMI measures the strength of price swings on a scale of 0-100.
- DMI is used for trade entry and exit signals.
- Note: DMI crosses alone are never used for entries or exits.

DMI to Price Correlation

- The +DM moves in the direction of price.
 - When price rises, +DM rises
 - When price falls, +DM falls
- The -DM moves “counter directional” to price.
 - When price rises, -DM falls
 - When price falls, -DM rises

DMI to Price Correlation



ADX & DMI Strategy (Bullish)

ADXcellence

Setup:

- Look for 30 bars of low ADX (Basing).
 - ADX (10) \leq 25

Trigger:

- ADX (10) crosses from below 25 to above 25.
- +DM (14) is greater than -DM (14) and diverging from one another.

Bullish ADX & DMI Strategy

1. Buy when:
 - Price breaks recent resistance Or
 - On price reversal that occurs above the 20 EMA.
2. Follow proper risk management protocol.
 - Never give back more than 50% of your profit.
 - RSI peaks above 70.

ADXcellence Example Chart for (AFG)



ADXcellence Example Chart for (CBZ)



Case Study: ADXcellence (Bullish)

Date: July 11, 2017
Situation: DEW is Up
Search: ADXcellence

1. Click on the UniSearch tab.
2. Click on the Trade Like a Pro folder, then click on ADXcellence.
3. Run Search on 7/11/17.
4. Graph the top 10.

ADXcellence Long Example Chart for (SCCO)



Bearish ADX & DMI Strategy

1. Short when:
 - Price breaks recent Support Or
 - On price reversal that occurs below the 20 EMA.
2. Follow proper risk management protocol.
 - Never give back more than 50% of your profit.
 - RSI falls below 30.

ADXcellence Short Example Chart for (CAVM)



Case Study: ADXcellence (Bearish)

Date: October 11, 2016
Situation: DEW is Dn
Search: ADXcellence - Bearish

1. Click on the UniSearch tab.
2. Click on the Trade Like a Pro folder, then click on ADXcellence - Bearish.
3. Run Search on 10/11/16.
4. Graph the top 10.

ADX/DMI Short Example Chart for (CSOD)



Trading Like A Pro

LAB

2:30 PM – 3:15 PM

Trading Like A Pro

Break

3:15 PM – 3:30 PM

Trading Like A Pro

Strategies of the Pros

Larry Connors

3:30 PM – 4:15 PM

Trading Like A Pro

The RSI 2 Trading System

1. The 2-period RSI strategy is a mean reversion trading strategy designed to buy or sell securities after a corrective period.
2. It is a rather aggressive short-term strategy designed to participate in an ongoing trend.
3. It is not designed to identify major tops or bottoms.

The RSI-2 Trading System

The RSI 2 Trading System by Larry Connors

Key Concepts

1. Primary focus is on stocks in long-term trends, but are experiencing short-term corrections.
 - Price > 200-Day MA
 - Price < 5-Day MA
2. It is designed to use on Daily Bars and is a short-term trading strategy.
 - Average length of time in a trade is just over 2 days.
3. This strategy can be used on stocks and ETFs.

The RSI 2 Trading System

Indicators Used:

1. A 2-Period RSI with the upper line at 90 and the lower line at 10 looking for extremes.
2. A 200 period Simple Moving Average, and a 5 period SMA.

The RSI 2 Trading System

Entry Rules:

1. Buy Only When Stock is Above 200-SMA, AND Below 5-Day SMA, With 2 RSI Below 10
2. Short Only when Stock is Below 200-SMA, AND Above 5-Day SMA, With 2 RSI Above 90

The RSI 2 Trading System

Entry Choices:

Conservative

- Enter at the next day's open

Aggressive

- Enter near the current day's close

The RSI 2 Trading System

Profit Exit Criteria:

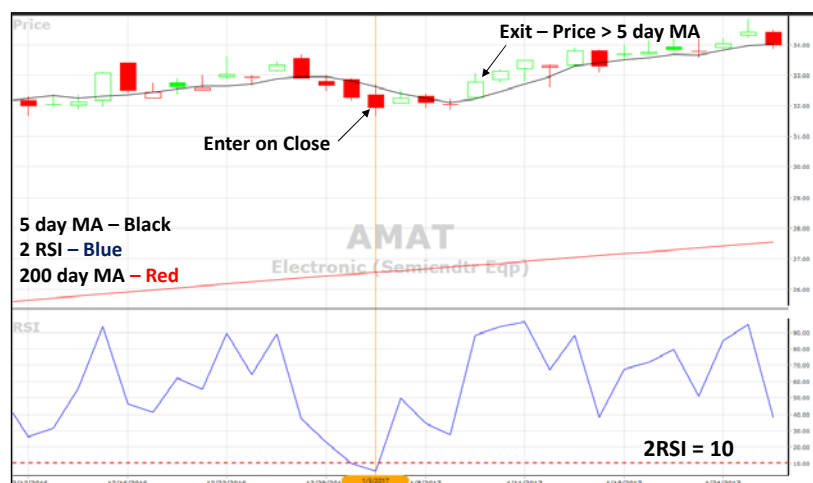
1. If Buying, EXIT when Price goes Above 5 SMA.
2. If Shorting, EXIT when Price Goes Below 5 SMA.

* To let winners run, use a 10 day SMA to exit.

Stop Loss?

- Connors recommends against using stop-losses.
- Stop-losses are said to hurt performance in the RSI-2 system.
- Your stop-loss will need to match your personal risk-tolerance.
- Winners should outnumber losers to the extent that one big loss won't ruin performance.

RSI 2 Long Example Chart (AMAT)



RSI 2 Short Example Chart (KIM)



RSI 25 Strategy

The RSI 25 Strategy

1. The RSI 25/75 Mean Reversion System uses the Relative Strength Index to gauge when an ETF becomes oversold during an uptrend.
2. It aims to make quick trades that last only for a few days.

RSI 25 Strategy

The RSI 25 Strategy

Key Concepts

1. Primarily intended for ETF's
2. Focus is on ETF's in long term trends, but are experiencing short-term corrections.
 - Price > 200-Day MA
 - 4-Period RSI below 25

RSI 25 Strategy

Indicators Used:

1. A 4-Period RSI with the upper line at 75 and the lower line at 25 looking for Extremes.
2. A 200 period Simple Moving Average.

RSI 25 Strategy

Entry/Exit Rules:

Buy when:

1. An ETF is above its 200-Day Moving Average.
2. The 4-Period RSI closes under 25. Buy on the close.
3. Exit when the 4-Period RSI closes above 55.

Aggressive Entry – Buy a second unit if at anytime while you're in the position the 4-Period RSI closes under 20.

RSI 25 Long Example Chart (URTY)



RSI 25 Long Example Chart (URTY)



RSI 25 Long Example Chart (URTY)



Trading Like A Pro

LAB

4:15 PM – 5:00 PM

Trading Like A Pro

Adjourn

5:00 PM

Trading Like A Pro

Day 3

Trading Like A Pro

Trade Setups

8:30 AM –9:15 AM

Trading Like A Pro

Create Quickfolio's of potential trades and identify entry points.

Trading Like A Pro

Check the Futures

9:15 AM –9:30 AM

Trading Like A Pro

Check both the overseas and domestic index futures to gauge the direction of the market open.

- Bloomberg
- CNBC
- Yahoo Finance

VectorVest RealTime Derby

It used to take hours at a time to determine the best performing searches.

VectorVest RealTime Derby

The Derby tests and tracks the performance of 180+ Strategies with a single click.

Viewing the Derby

- Derby View
- Split View
- Spreadsheet View
- All Searches, Bullish Searches or Bearish Searches

Derby Summary

- All Searches
- Bullish Searches
- Bearish Searches

Analysis Modes

Day Trading

The performance of each search is analyzed as if you were day-trading. Each night, the search is run, and the next day the Tote Board simulates buying all stocks from that search and selling them at the close of the same day. This allows you to analyze the efficacy of day-trading searches in the Derby.

Analysis Modes

Buy and Hold

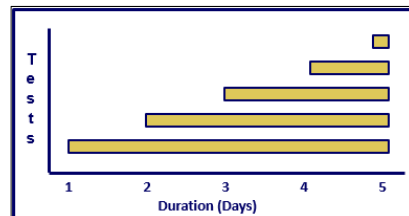
Each search is run once for the start date specified, and then measured for its performance as of the closing price for the last date specified. The Tote Board simulates buying all stocks from the search at the start of the date range and selling them at the close of the last day in the date range.

Analysis Modes

Vary the Start Date

When analyzing in this mode, searches are tested starting on each possible date but ending on the specified finish date. Here, you are able to analyze the robustness of each Derby search.

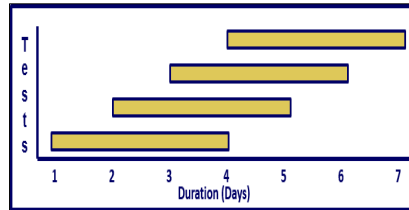
This allows identification of searches that performed consistently during the specified date range.



Analysis Modes

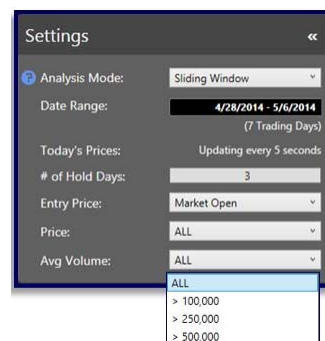
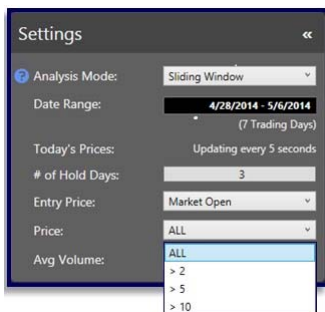
Sliding Window

Sliding Window mode provides another way for you to analyze the robustness of a search by using a series of buy and hold periods within the specified date range. This allows identification of searches that performed consistently well during a specific period by randomizing the start and end dates.



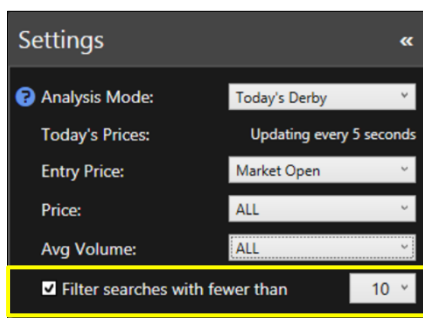
Price and Volume Filters

You can now filter any Derby search with a minimum Price and Average Volume parameter.



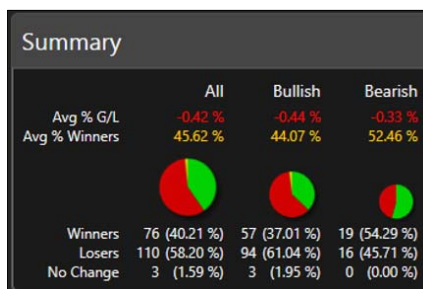
Stock Filter

You can also filter out any search that returns fewer than a specified number of stocks.



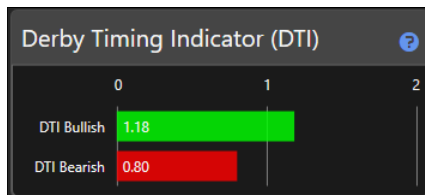
Derby Summary

A directional bias can be established by observing the relationship between the percentage of bullish vs. bearish searches.



Derby Timing Indicator

The DTI looks at every price and volume filter in 'Today's Derby' mode along with the movement of the Dow, Nasdaq, S&P500, the VVC and the A/D ratio.



Trading Like A Pro

Opening Bell

9:30 AM – 10:00 AM

Trading Like A Pro

If you have a bullish bias, look for the VVC to open higher, the advances to outpace the declines and a bullish bias in the derby summary.

- All of these should be examined within the first 30 minutes.

Trading Like A Pro

If you have a bearish bias, look for the VVC to open lower, the declines to outpace the advances and a bearish bias in the derby summary.

Trading Like A Pro

Pulling the Trigger

10:00 AM – 10:10 AM

Trading Like A Pro

Call the market's direction and execute your trades.

Trading Like A Pro

Use the Genius to track your open positions!

- Enter transactions to reflect your exact quantity and cost/share.

Trading Like A Pro

Break

10:10 AM – 10:30 AM

Trading Like A Pro

Trade Analysis

10:30 AM – 11:30 AM

Trading Like A Pro

**The VectorVest
Advantage**

11:30 AM – 12:00 PM

Trading Like A Pro

VectorVest helps you become faster,
smarter, better traders!

Trading Like A Pro

VectorVest RealTime has all the
information you need
when you need it.

Trading Like A Pro

VectorVest helps you become faster,
smarter, better traders!

Trading Like A Pro

VectorVest provides Buy, Sell, Hold
recommendations in real time on every
stock.

Trading Like A Pro

VectorVest RealTime provides precise up to the minute market timing analysis.

Trading Like A Pro

Homepage

Keeps you up-to-date on rapidly changing market conditions, events and breaking news impact on your stocks.

Trading Like A Pro

Viewers

Provide instantaneous analysis and ranking of over 7600 stocks, 226 industry groups and 41 business sectors.

Trading Like A Pro

Graphs

Show where the action is and offer tremendous flexibility.

Trading Like A Pro

WatchLists

Allow traders to apply all the power of RealTime Viewers to the securities that interest them the most.

Trading Like A Pro

UniSearch

UniSearch is the only scanning tool that gives traders the capability of combining the power of VectorVest's Indicators with traditional price and volume.

Trading Like A Pro

Portfolios

Allow you to test potential portfolios or monitor your existing portfolio.

Trading Like A Pro

The Genius

Functions in real-time and allows you to paper trade and/or monitor your existing portfolios.

Trading Like A Pro

VectorVest Derby

Identifies the VectorVest strategies that are making money now.

Mission Statement

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

VectorVest

Important Contact Information

Sales: 1-888-658-7638

Seminars: 1-800-231-0110

Product Support: 1-888-658-7638

E-mail: support@vectorvest.com



20472 Chartwell Center Drive, Cornelius, NC 28031
1-888-658-7638 • www.VectorVest.com