## **QUICK REFERENCE GUIDE**





# VectorVest provides all the tools, training and information you need to make faster, smarter, better assessments of the market and the stocks you're buying.

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

- We believe that market direction is the single most important thing investors need to know.
- We believe prudent investors should buy safe, undervalued stocks rising in price in rising markets.
- We believe every investor should know what their stocks are really worth, how safe they are, and when to buy, sell or hold.

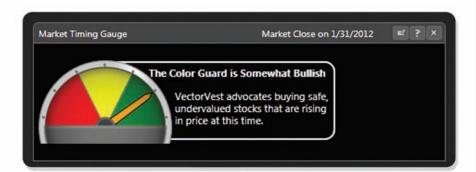
## **Determine When to Buy**

The homepage reads just like the front page of a newspaper. Market analysis is the headline story.



The Market Timing Gauge will tell you when it is okay to buy stocks.

Red is Bearish
Yellow is Transitional
Green is Bullish



Think of the Color Guard as a traffic light...



## **Homepage and Color Guard**

There is no need to worry about interpreting the color guard. We do it for you.

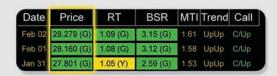


The Market Timing Gauge provides a textual synopsis.

The Color Guard is a daily history of the information shown in the Market Timing Gauge.

The Daily Color Guard Report in the Strategy section is a video providing specific guidance for both prudent and aggressive investors. Clicking on the report icon will launch the video. Our market summary and guidance will appear in the box.

Just keep it simple – it's OK to buy stocks when you see a green light at the top of the *Price* column when the market is still rising.



## Interpret the Color Guard

1

1	2	3	4	5	6
			Name and Address of the Owner, where the Owner, which is the Owner, where the Owner, which is th		

Date	Price	RT	BSR	MTI	Trend	Call
Oct 26	26.12 (Y)	1.08 (G)	2.89 (G)	1.58	UpUp	C/Up
Oct 25	26.15 (Y)	1.07 (Y)	2.71 (Y)	1.58	DnUp	C/Up
Oct 22	26.01 (Y)	1.07 (Y)	2.61 (Y)	1.57	DnUp	C/Up
Oct 21	25.91 (R)	1.05 (Y)	2.46 (Y)	1.56	DnUp	C/Up
Oct 20	25.95 (Y)	1.07 (Y)	2.69 (Y)	1.57	DnUp	C/Up
Oct 19	25.69 (Y)	1.04 (Y)	2.42 (Y)	1.57	DnUp	C/Up
Oct 18	26.15 (G)	1.09 (Y)	3.13 (G)	1.64	UpUp	C/Up
Oct 15	26.02 (G)	1.09 (Y)	3.04 (Y)	1.63	UpUp	C/Up
Oct 14	26.01 (Y)	1.09 (Y)	3.15 (Y)	1.64	UpUp	C/Up
Oct 13	26.08 (G)	1.10 (G)	3.29 (G)	1.65	UpUp	C/Up

The market is moving up.
When the color guard is mostly green, it is a good time to be long in the market.

The market is transitioning or moving sideways. Use caution.

The market is moving down.

This is a good time to sit on the sideline and not buy stocks.

For more detailed information on the Color Guard, view our Color Guard Special Report.

Click Views, click Special Reports, and Double-Click Color Guard.

#### Represents the PRICE of the VectorVest Composite (VVC)

VVC is the average price of the stocks we track. It is the primary indicator of the market's direction.

2

#### RT (Relative Timing of the VVC)

Shows the short term trend of the market. RT is on a 0 – 2 scale.

RT > 1 indicates the short term trend of the market is up. RT < 1 indicates the short term trend of the market is down.

3

#### **BSR (Buy/Sell Ratio)**

Ratio of stocks with a Buy recommendation to stocks with a Sell recommendation in the VVC. This relationship is extremely important in determining the overall health of the market.

4

#### **MTI (Market Timing Indicator)**

Combines the trends of the VVC Price, RT, and BSR into a comprehensive indicator.. Identifies the underlying or long term trend of the market.

MTI is on a 0 – 2 scale.

MTI > 1 indicates the underlying trend of the market is up. MTI < 1 indicates the underlying trend of the market is down.

5

#### Displays both the short-term & long-term TREND of the market

The short term trend (also called the primary wave) is based on the price of the VVC compared to where it was five trading days earlier. The long term trend is based on whether the MTI is above or below 1.0.

6

**Displays our current Confirmed Market CALL** 

## **Find Your Stocks**

The Stock Viewer is your entrance into VectorVest. It analyzes, sorts and ranks over 8,000 stocks and gives a Buy, Sell or Hold recommendation on every stock, every day. Stocks with the best combination of Value, Safety and Timing, VST-Vector, automatically appear at the top of the Stock Viewer screen.

The Stock Viewer can be located in the Viewers tab, under Viewers.



The Find feature is located at the top of the display window.

Company Symbol Exch. Price %PRC \$ Change Value RV RS RT VST GRT REC

To find your stocks, simply type a stock name or ticker symbol in the Find Symbol(s) field shown above. You can search for one or multiple stocks at a time. VectorVest considers columns 1-15 to be the fingerprint of a stock. Even if you know nothing about the company, by reading these indicators, you will have an idea what the company does, the exchange it trades on, what the price is, whether it's over or under valued, its long term potential, how safe it is, and whether the price is in an up or down trend.

## **Analyze Your Stocks**

This is where VectorVest's proprietary analysis begins, providing you with the answers you won't find anywhere else.

Company	Symbol	Exch.	Price	%PRC	\$ Change	Value	RV	RS	RT	VST T
Green Mountain Co	GMCR	хO	65.72	+22.54	+12.09	54.43	1.58	1.26	1.77	1.56
Apple Inc	AAPL	хO	454.79	-0.31	-1.40	666.05	1.62	1.48	1.45	1.51
Select Comfort Cor	SCSS	xO	25.74	-0.43	-0.11	25.00	1.35	1.31	1.67	1.47

Value	Measures a stock's current worth.	Price < Value = Undervalued Price > Value = Overvalued
RV (Relative Value)	Indicates long-term price appreciation potential compared to an alternative investment in AAA corporate bonds over the next one to three years.	>1 = potential to outperform a AAA corporate bond <1 = potential to under-perform a AAA corporate bond
RS (Relative Safety)	Indicates risk, looking at the consistency and predictability of a company's financial performance.	>1 = safe, compared to an average stock in the database <1 = risky, compared to an average stock in the database
RT (Relative Timing)	Indicates a stock's short term price trend.	>1 = short-term price trend is up <1 = short-term price trend is down
VST (Value, Safety, Timing)	The master indicator, combines RV, RS, and RT into a single indicator.	>1 = favorable combination of value, safety, and timing <1 = unfavorable combination of value, safety, and timing

Our Philosophy is to Buy Safe, Undervalued Stocks, Rising in Price in Rising Markets.

## Recommendations

VectorVest provides a Buy, Sell or Hold recommendation on each stock, every day.

Value	RV	R5	RT	VST V	REC	Stop
108.20	1.47	1.34	1.18	1.32	В	71.91
89.86	1.41	1.24	1.25	1.29	В	60.47
4.30	1.21	0.78	1.64	1.29	В	3.12
0.75	0.68	0.69	1.81	1.24	В	2.30
12.19	0.61	1.08	1.51	1.17	В	20.09
0.95	0.65	0.69	1.54	1.09	В	3.42
0.44	0.73	0.65	1.29	0.96	Н	0.41
1.58	0.76	0.67	1.25	0.95	Н	1.54
1.44	0.71	0.74	1.18	0.93	Н	1.42
28.85	1.00	1.00	0.65	0.88	S	29.15
31.27	0.83	0.94	0.85	0.88	Н	38.80
26.33	1.00	1.00	0.63	0.88	S	26.60
22.67	1.00	1.00	0.63	0.88	S	22.92
34.06	1.00	1.00	0.64	0.88	S	34.32
33.32	1.00	1.00	0.63	0.88	S	33.65
19.40	1.00	1.00	0.64	0.88	Н	19.33
38.81	1.00	1.00	0.66	0.88	S	39.13
11.20	1.00	1.00	0.61	0.87	S	11.83
28.28	0.88	0.90	0.84	0.87	Н	30.46
21.10	1.00	1.00	0.61	0.87	S	21.76

- When a stock's price rises above the Stop price, has good fundamentals, and is in an uptrend, the stock gets a Buy.
- H price, but one of the other criteria above is not met, the stock gets a Hold.
- Stop price, the stock will automatically get a Sell.

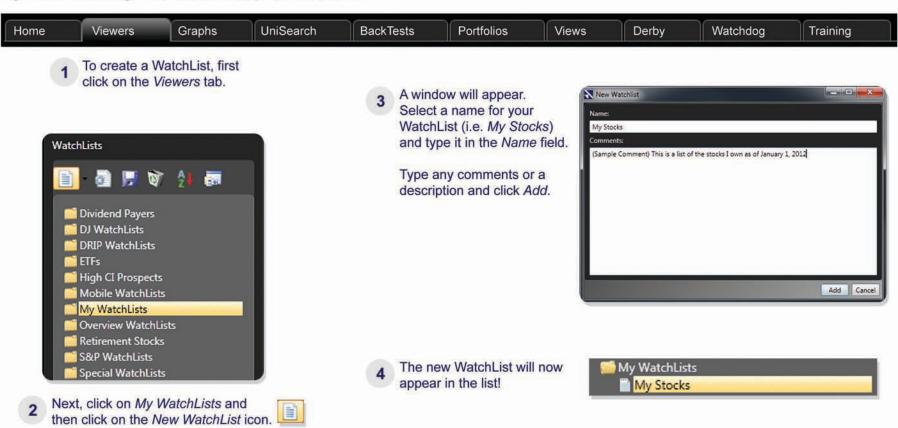
## **Stock Analysis Report**

Right-click on a stock and select *View Full Stock Analysis*. You can pull up the full *Stock Analysis Report* to help you keep everything straight.



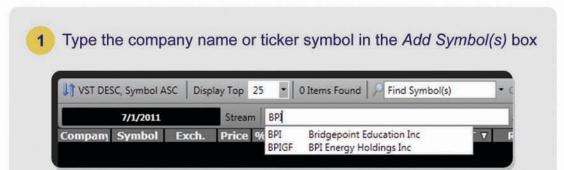
## Create a WatchList

WatchLists allow you to apply the power of VectorVest analysis to the stocks you own or are interested in. Stocks are instantaneously ranked by VST-Vector so the stocks with the best combination of Value, Safety and Timing are at the top of the list.



## Add Stocks to a WatchList

#### There are three ways to add stocks to your WatchList.









Highlight stocks by holding down the **Ctrl** key and clicking on stocks you wish to add.

Click and hold the last highlighted stock and drag the mouse over to your WatchList.

Drop the stocks into your WatchList.

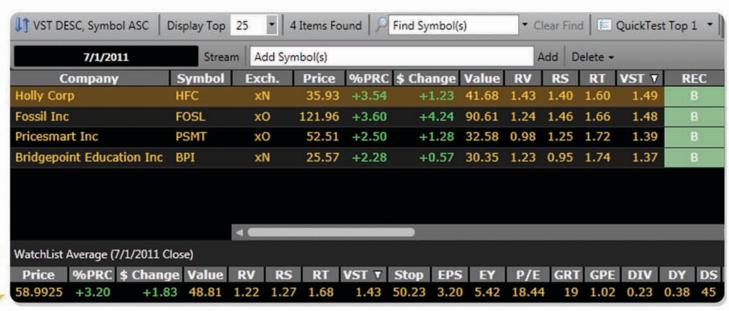
Stocks with the best combination of Value, Safety and Timing, VST-Vector, are immediately brought to the top of the list.

Company	Symbol	Exch.	Price	%PRC	\$ Change	Value	RV	RS	RT	VST T
Green Mountain Co					+12.09					
Apple Inc	AAPL	хO			-1.40					
Select Comfort Cor	SCSS	xO	25.74	-0.43	-0.11	25.00	1.35	1.31	1.67	1.47

## **Analyze WatchList Average**

#### Are your stocks consistent with your investment style?

We learned in Stock Viewer that each one of your stocks has been analyzed for Value (RV), Safety (RS) and Timing (RT). In WatchLists, at a glance, we can see the average RV, RS and RT of the stocks we put in the WatchList. This helps us see if the stocks in the WatchList are consistent with our Investment Style.





It's important for every investor to know what their investment style is. Every investor has an intuitive sense of their own risk/reward profile. They feel it in their bones and it dictates their investment patterns. A key to becoming a successful investor is in recognizing your investment style and in buying stocks which are consistent with that style.

The VectorVest system of stock analysis identifies four basic investment styles. They are arranged in the Strategic Investment Matrix.

More detail can be found in Chapter 11 of Stocks, Strategies & Common Sense.

Determine which quadrant characterizes your stocks.



## **Analyze Price Trend**

VST is great when you're deciding to buy, but once you've bought a stock you need to watch the price trend. This is indicated in the RT or *Relative Timing* column.

To sort by RT, click on the column header.

Company	Symbol	Exch.	Price	%PRC	\$ Change	Value	RV	R5	RT V	VST	REC
Univ Stainless	USAP	0	49.62	+0.65	+0.32	57.42	1.51	1.40	1.83	1.61	В
Radiant Systms	RADS	хO	28.03	+0.14	+0.04	17.52	1.08	1.13	1.83	1.43	В
Fossil Inc	FOSL	xO	128.48	+2.32	+2.91	96.83	1.26	1.46	1.71	1.51	В
CBOE Gold Index	GOX	I	245.24	+1.52	+3.68	245.24	1.00	1.00	1.11	1.04	Н
MSCI US REIT	RMZ	I	847.02	-0.16	-1.38	847.02	1.00	1.00	1.08	1.03	Н
United Cont'l	UAL	хO	21.73	+0.14	+0.03	32.46	1.34	0.72	0.78	0.96	S
A M R Corp	AMR	xN	5.25	+0.77	+0.04	0.52	0.21	0.75	0.68	0.62	S

Stocks with RT below 1.0 are in a downtrend and may be hurting your portfolio. You want to look at a graph of those stocks to help decide whether or not to replace them

Start with RT and analyze the other indicators:

#### **Relative Timing**

>1 = short-term price trend is up <1 = short-term price trend is down

#### Recommendation

Buy, Sell or Hold

#### Price & Value

Price < Value = Undervalued
Price > Value = Overvalued

#### **Relative Value**

>1 = potential to outperform a AAA corporate bond <1 = potential to under-perform a AAA corporate bond

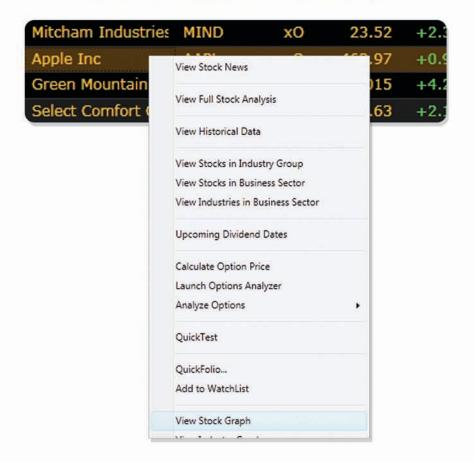
#### **Relative Safety**

>1 = safe, compared to an average stock in the database <1 = risky, compared to an average stock in the database

## **Graph Settings**

A graph is an excellent tool to gather more information when making a decision to sell.

Right-click on the stock at the bottom of your WatchList and select *View Stock Graph*.



A separate window will appear with the graph of the stock you have selected.



## **Graph Settings**

By default, the graph displays *Price* with a 40 day MA and *Relative Timing* (RT).



You can add parameters by clicking the "Add Parameter" button. Turn their view off and on by clicking on the checkboxes in the Graph Control Panel.

## To change the time-frame displayed, use one of the following 3 methods:

- 1. Click on the Custom Date Range and select a Start Date and End Date.
- 2. Click on one of the Preset Time Frames.
- 3. Drag to extend or compress the Timebar.

## **Determine When to Sell**

How do you know when to sell a stock? These four things will help you determine when to sell.

1

#### **Price Direction & Volatility**

What is the overall direction of the stock's price and how volatile is it? If a stock is volatile now, it will most likely be volatile in the future.

2

#### Compare price to the 40 day moving average

When the price falls below the 40 day MA it is a great early warning signal.

3

#### Look at RT

RT will display the short-term price trend. When RT falls below 1.0 the short term price trend has turned down.

4

#### **Compare Price to Stop**

When the price falls below the VectorVest Stop price, it will automatically receive a SELL recommendation. This is our line in the sand – ignore it only at your own risk.



## 1. Price Direction & Volatility

What is the price direction over the last year?

What direction is the price moving now?

Is the stock volatile?

Does it have large, quick movements in price?





Stock is clearly in a downtrend. If your stock looks like this, revisit the reasons which caused you to buy it.

Stock is volatile and will likely continue to be volatile in the future. Decide if this matches your investment style.

## 2. Compare Price to the 40 Day Moving Average

When the price falls below the 40 day MA it is a great early warning signal.



## 3. Look at RT

RT will display the short-term price trend.

Is RT above or below 1.0?

Where direction is RT trending?

When did RT cross above or below 1.0?

Look for spots on the graph where RT crossed below 1.0.



## 4. Compare to Stop

When the price falls below the VectorVest Stop price, it will automatically receive a SELL recommendation.

This is our line in the sand – ignore it only at your own risk.



## **Consult The Color Guard**

Before you buy, consult the *Color Guard* for the most recent day. It will tell you whether VectorVest advocates buying, using caution, or not buying.

Price RT **BSR** MTI Trend Call UpUp C/Up 26.12 (Y) 1.58 1.08 (G) 2.89 (G) DnUp C/Up 26.15 (Y) 1.07 (Y) 2.71 (Y) 1.58 1.57 DnUp C/Up 26.01 (Y) 1.07 (Y) 2.61 (Y) 1.56 DnUp C/Up 1.05 (Y) 2.46 (Y) 1.07 (Y) C/Up 25.95 (Y) 2.69 (Y) 1.57 DnUp 1.57 DnUp C/Up 25.69 (Y) 1.04 (Y) 2.42 (Y) UpUp C/Up 26.15 (G) 1.09 (Y) 3.13 (G) 1.64 26.02 (G) 1.09 (Y) 3.04 (Y) 1.63 UpUp C/Up 1.64 UpUp C/Up 26.01 (Y) 1.09 (Y) 3.15 (Y) 1.65 UpUp C/Up 1.10 (G) 26.08 (G) 3.29 (G)

1.08 (G)

Green means it is safe to buy stocks.

25.91 (R)

Red means it is not safe to buy stocks.

3.15 (Y)

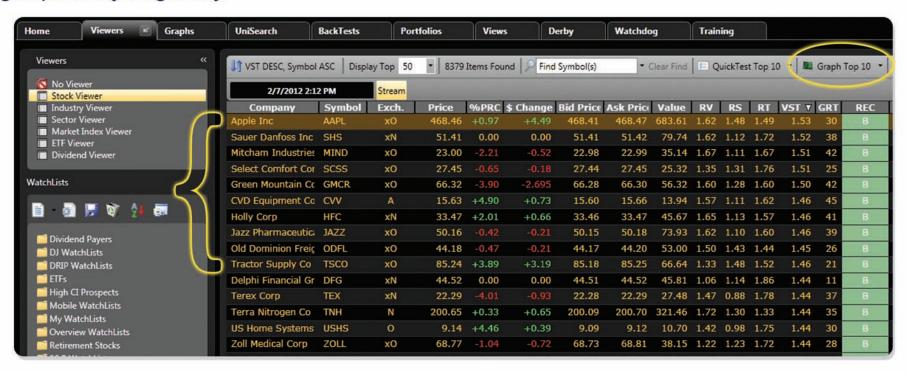
Yellow means you should look at the advice in the gauge. It will either advise not to buy stocks or to use caution when buying.





## **Stock Viewer**

The best place to start researching potential new stocks is the *Stock Viewer*. The stocks with the best combination of Value, Safety and Timing automatically appear at the top. We put great stocks at your fingertips every single day.



Graph the top stocks to help determine which stocks you would consider buying.



## **Graphing Top Stocks**

Graphing the top VST stocks is a great way to do additional research and determine which stocks to buy, because we know they are already above their 40 day MA, above their stop price, and have RTs above 1.0.



To add or remove graph features, click on the checkboxes.

For instance, remove RT by clicking the checkbox next to RT. Then add EPS by clicking the box next to EPS to add the check.

Earnings is the engine that drives stock prices higher.

We provide a leading 12 month forecasted Earnings (EPS)

— it is like a flashlight into the future!

## **Selecting Stocks to Buy**

Favor stocks with smooth steady increases in price and earnings.

Make a list of the stocks you like.

Purchase stocks only when the market is rising and when the stock price is rising.



TIP: If you look at a graph for more than a few seconds and you still aren't sure whether you like it, move on to the next graph. You will find one that looks good.