

Technical Tools for the Fundamental Investor

Need help with the judgment issues?
Become a better investor

Five helpful technical tools - and more

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2-2015 30

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2 School

We'll review these five:

- 1. Trailing Stop Loss Order (TSLO)**
 - Protect your profits
- 2. Chaikin Money Flow (CMF)**
 - Is money flowing in – or out (company-mkt)
- 3. Moving Average (MA-50 and MA-200)**
 - Where is current price in relation to each MA
- 4. Candle Stick display**
 - Volatility – Where to set the TSLO
- 5. Point & Figure Chart**
 - Help in setting the 5 year low price
 - Volume – What are the big boys doing
 - Recognize the price “Frothy” area & support level

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1. Trailing Stop Loss – how does it work?

- **Trailing Stop:** A price set below the current price that adjusts as the price increases. It rises as the price increases—but it does not decrease. Should the price decline and reach the trailing stop, a sell is triggered and the position closed. As long as the price remains above the trailing stop, the position is held.

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1. Trailing Stop Loss – in a few words

- Trailing Stop:
- A price set below (%) the current price
- It increases if the price rises
- It does not decrease
- If current price dips to or below the Stop Loss Price
- Position is automatically sold
 - Designed to sell before catastrophic loss occurs

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1. Trailing Stop Loss – pros & cons

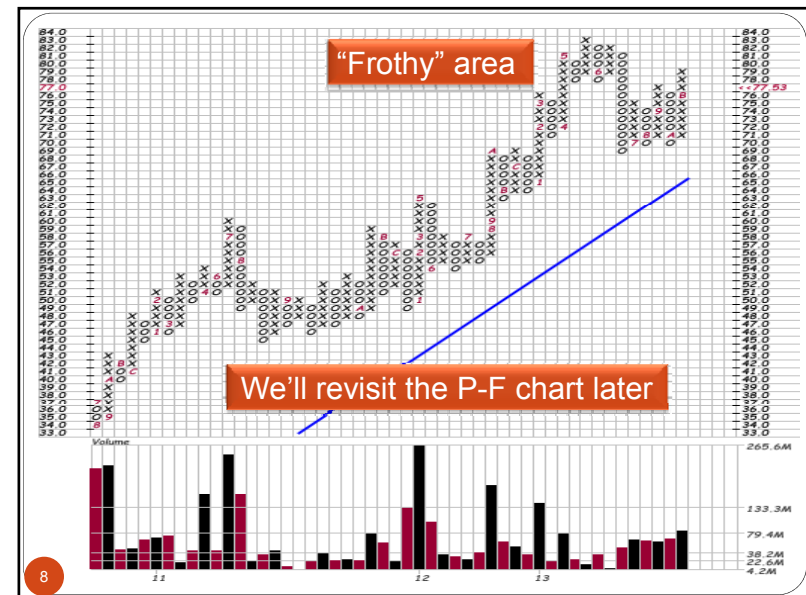
- Can limit a loss
- Allows less monitoring of a company
- Can decrease anxiety
- Requires thinking
- Can increase capital gains taxes
- Should be set only on selected companies-at selected times
 - *When price is reaching new highs*

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1. When to Use a TSLO

- The Point & Figure chart indicates when
- When the price is in a “frothy” area
- TSLO cancelled on ex-dividend date
 - Must be reactivated
 - Brokers have different rules—check with broker

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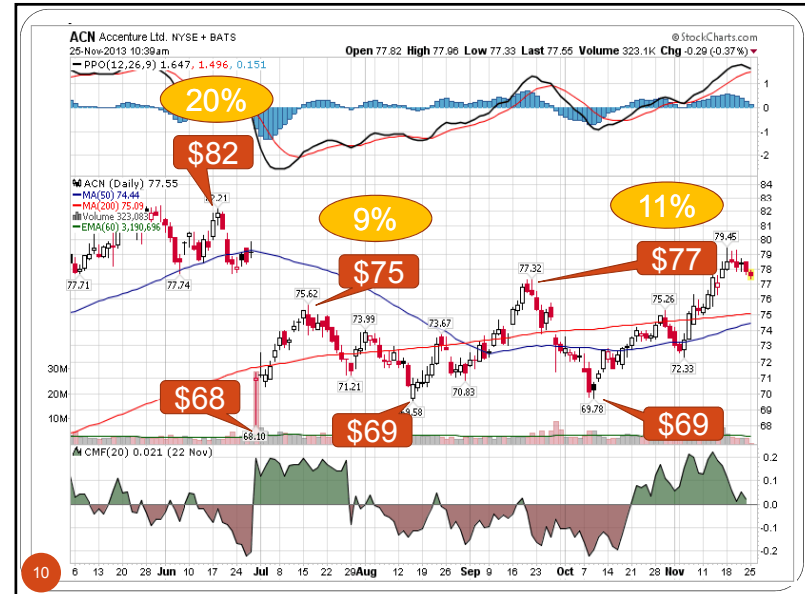


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1. How to determine the TSLO %

- Use the Candle Stick chart
- Use historical Highs and Lows to determine % change
 - $\text{High Price} / \text{Low Price} - 1 = \% \text{ change}$

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Register the TSLO with your broker

Stocks & ETFs: Buy & Sell

The next cost basis rules are taking effect. [Learn more.](#)

Buy
 Sell

Quantity of Symbol [Symbol lookup](#)
 ACN ACCENTURE PLC IRELAND SHS CLASS A
 77.41 -0.43 (-0.55%)
 Bid 77.41 Ask 77.42 Vol 865,465
 Real Time Quote by NYSE @ 2:04:38 PM EST

Order Type Stop param.

Time-in-Future Special instructions
 Date Routing

Tax Lot ID Method [What's this?](#)

Please note: To change your standing method, go to [My Profile](#).

Make this a conditional order. [What is this?](#) *NEW*

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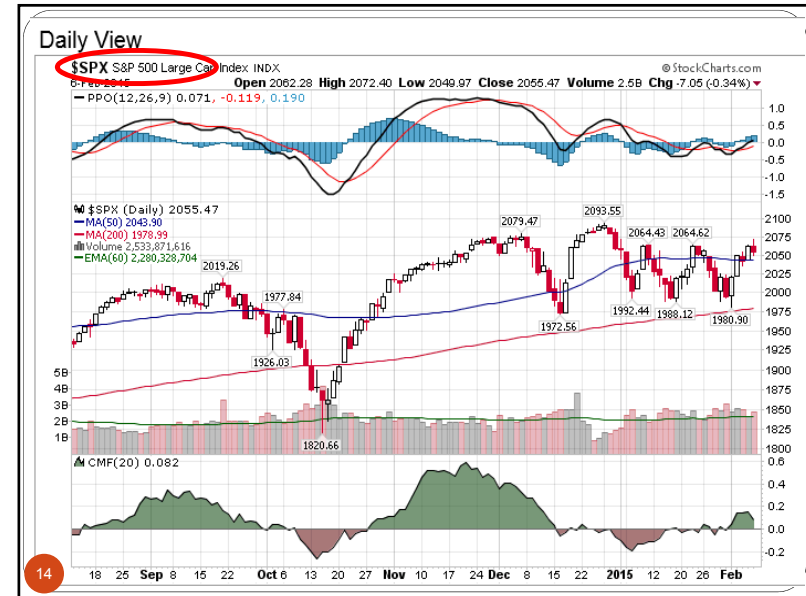
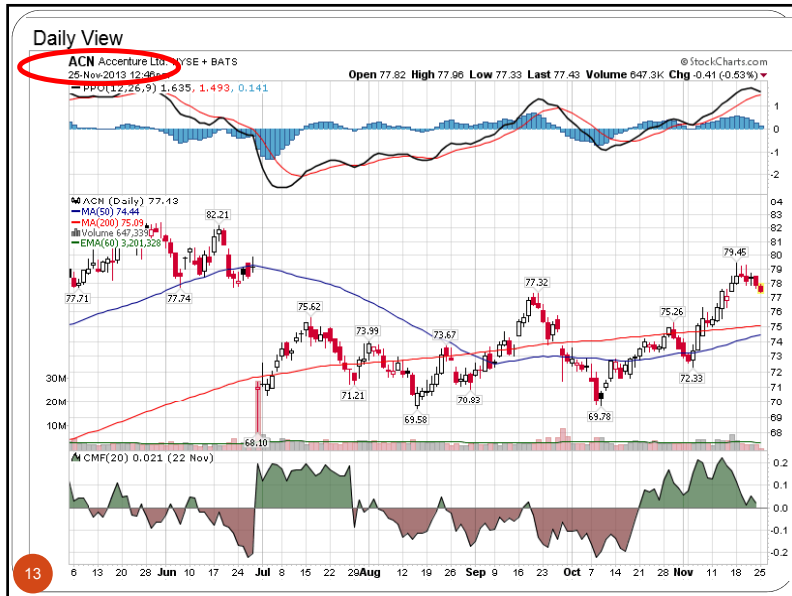
[Review Order](#) [Save for later](#)

2. Chaikin Money Flow (CMF)

- Is money moving into or out of the stock
- StockCharts. Com

<http://stockcharts.com/freecharts/gallery.html?ACN>

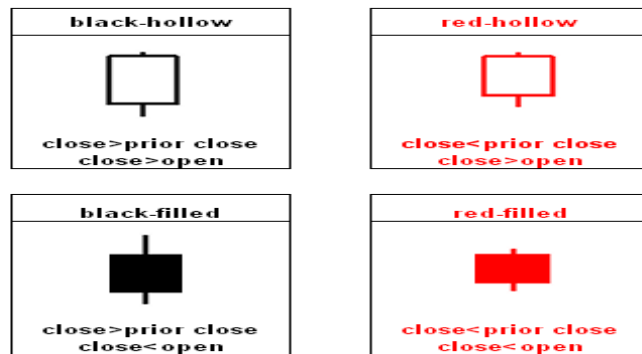
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3. Candle Stick Display

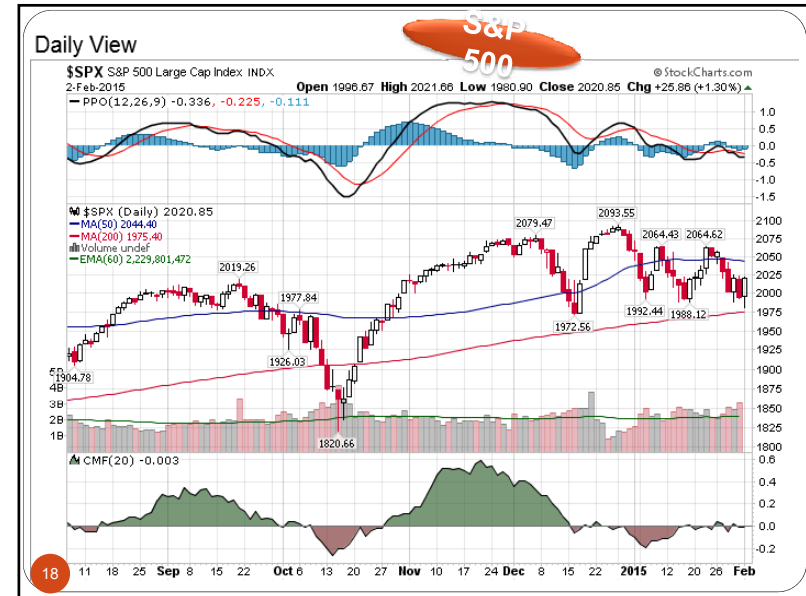
- Volatility of price between high & low
- Open Candlestick – Closed Candlestick

Colored Candlestick Combinations



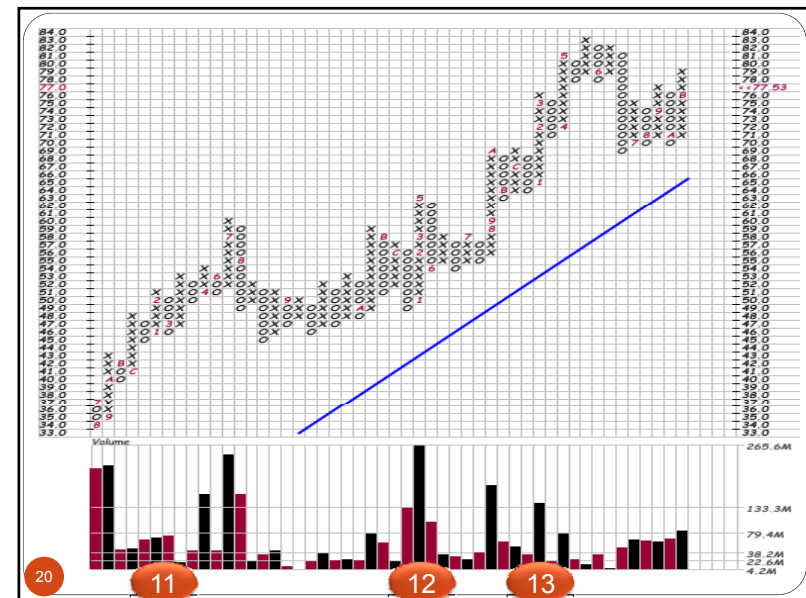
4. Moving Average (MA-50 and MA-200)

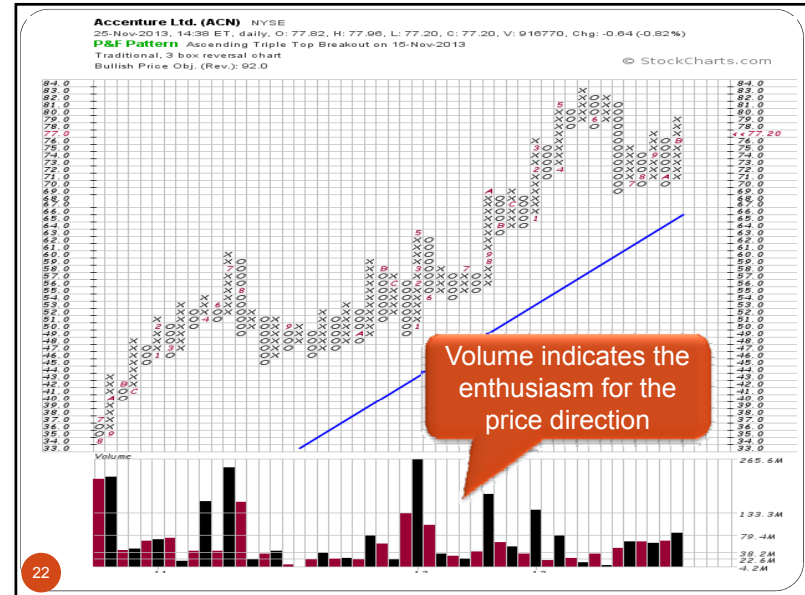
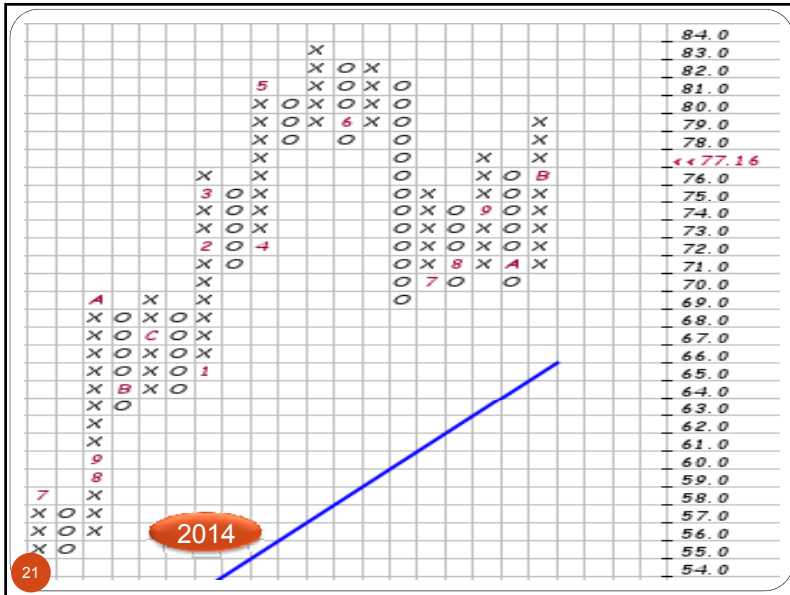
- Normally 50 day and 200 day average
- Where is current price in relation to each MA



5. Point & Figure Chart

- Help in determining “frothy” area
 - High price resistance level
- Help in setting the 5 year low price
 - Low price support level





Help in setting the 5 year low price

- When did the 52 week low occur
- Has the price slumped near the low again
 - Has the price continued to rise since the low
- Is company more volatile than market
- www.finance.yahoo.com

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A Review of TA indicators:

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You must have a strategy

- How do you make investment decisions
 - Technical Analysis
 - Value Investing
 - Fundamental Analysis
 - Index investing – A set and forget portfolio
- Fundamental Analysis Tools:
 - Quick Analysis**
 - Annual Report Data Analysis**
 - Portfolio Annualized Return**
 - www.bob-adams.net

“I like the numbers on this company. They show a very impressive acquittal to conviction ratio”

--Anonymous

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Posted on March 11, 2014

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Statistics: If you torture the numbers long enough you can get them to confess to anything. (Humor is a learning tool)

Who is Bob? I volunteer to speak at events throughout the country, speaking

on a number of investor topics. If interested in a

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Click here if using Excel 2007 or later
Click here if using Excel 2003 or earlier

“SAVE” the file to your computer Hard Drive then open it with Excel

This Automatic form requires only typing in a ticker symbol for the required on the form to be automatically filled in, totals determined and the mathematical analysis completed for you. (Requires Excel 2000 or newer) This form “work” out of the analysis. The company description is also automatically

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A Set and Forget Investment Plan

- Invest in an Index Fund
 - Vanguard Total Market Index fund
 - Admiral—VTSAX \$10,000 min. **0.05%**
 - Regular—VTSMX \$3,000 min. **0.17%**
 - ETF—VTI \$3,000 min. **0.05%**
- Regardless of which broker—
 - Ask about expenses

The End is Near

No recommendation is intended for any company or investment method discussed.