Useful information about this presentation file

- **The first proper Slide to present to the audience is NOT this one, it is the next one.**

- This presentation to the Melbourne ATAA meeting in July 2008 is a follow up to an earlier BullCharts presentation to the Melbourne ATAA meeting in December 2006. This version is prepared totally using the OpenOffice Impress software (not MS PowerPoint).
- This file might contain some "Speaker Notes" text. To view these notes, make sure to view the "Notes" (or View the file in PowerPoint using "Normal" view, and the text should be visible in the lower window pane).
- Note, the PDF version of this presentation does not have the speaker notes.
- View the Speaker Notes below for more information about this presentation.
- You can print the slides, with the Speaker Notes included on the page using: File > Print > "Print What?- Notes"

This version updated: 17 Dec 2008

Slide 1

How to implement a trading strategy in charting software
(eg. in BullCharts)

Presenter:

Robert Brain
http://www.robertbrain.com/

Melbourne BullCharts User Group convenor, Professional trainer, consultant, computer whiz, technical analyst and part-time trader.
(Seminars: "Introduction to the Share Market and Share Trading")
(Not employed by BullCharts, and receives no commissions).

Slide 2

---

including BullCharts demo

3

IMPORTANT!
(ie. standard disclaimer)

This presentation is regarding
a **possible trading strategy**
which has NOT been tested,
and a software package.
There is NO guarantee of success.
It does not include financial advice of any sort.

This presentation does NOT include
ANY financial recommendations
of ANY sort whatsoever.
(Always seek professional advice before investing.)

Slide 4

General information only!

advice

General information only!

General information only!

General information only!

Slide 5

Housekeeping?

- Please hold questions until the end.
- Also:
  - Note: This material does include some information from the supplier; but it is not intended to be a sales spiel. It is intended to be informative, and helpful.
  - In any examples - not concerned with the finer points of technical analysis .
  - Tonight's presenter is a PC guru; but not yet a BullCharts super expert.

Slide 6

It's Free!!

➜ The Yellow "*BullCharts Free Trial CD*" request
form - complete the details and submit tonight.
 ◆ One Yellow Form will be drawn tonight
to win tonight's BullCharts Door Prize
(one license + 1 year EOD) Value = $1147.
➜ "*Free Trial CD*" kit (in the mail) includes:
 ◆ Full unrestricted copy of BullCharts software;
 ◆ Needs a special Username and Password to
access EOD data downloads;
 ◆ Useful for a 2 week period.

Target audience assumptions

That everyone fits at **least one** of these:
❑ Technical analyst
(indicators, or patterns, or waves, etc.)
❑ Intra-day trader
❑ Short term trader (days-weeks)
❑ Long term trader (weeks-months)
❑ Investor (buy and hold)
❑ "Black box" software? <-- NO!

This presentation

Is designed to:
❑ Run for more than an hour;
❑ Includes a detailed BullCharts demo of
many features.
BUT, for tonight:
❑ Skip most of the demo, and
❑ Skip through some of the slides.
❑ There are screen shots.
❑ If time permits, we can demo features.

BullCharts

Traders
Quick quiz:

?

➜ Have a "Trading Plan / Strategy"?
➜ Is it written down?
➜ Do you follow it religiously?
➜ Do you adjust your position size to accommodate risk?
➜ Do you determine your stop position before each trade?
➜ Do you record the trade details?

(more quiz over page..../)

BullCharts

more quiz?

➜ Do you religiously monitor open trades and raise the stop periodically?
➜ Do you ever go back and review past trades to fine tune your strategy or behaviour?
➜ Do you have a clear method of doing all the above?
➜ Is some of this just too hard?

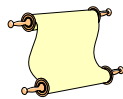➜ How about a simple way to keep records? Stay tuned:....../

BullCharts

Trading Plan/Strategy?

Surely...

1. Everybody has one that is written down and followed to the letter?
2. Everybody's plan/strategy can be different.
3. There are essential elements of every trading strategy....

BullCharts

Plan – Key Elements

1. Determine your investment objectives.
2. Which market?
   - Equities, futures, CFDs, etc.?
   - Local or overseas?
5. Time frame? Intraday, EOD, EOW?
7. Stock search and selection method
9. Risk and money management
11. Exit strategy
13. Back testing?

Slide 13

BullCharts

Can charting s/w help?

1.	Determine your investment objectives.	➔ You need to be clear about it.
3.	Which markets? › equities, futures, CFDs? › long or short? › local or overseas?	➔ This is your choice; and charting software can't help you decide.
5.	Time frame?	➔ Your choice. **ASSUMED**
7.	Stock search and selection?	➔ Watchlists, Scans, View and customise charts, Add indicators.
9.	Risk and money management?	➔ Determine yourself; but record on a price chart.
11.	Exit strategy?	
13.	Back testing?	➔ Run Scans "as at" an earlier date.

Slide 14

BullCharts

Can charting s/w help?

1.	Determine your investment objectives.	➔ You need to be clear about it.
3.	Which markets? › equities, futures, CFDs? › long or short? › local or overseas?	➔ This is your choice; and charting software can't help you decide.
5.	Time frame?	➔ Your choice. **Today's focus**
7.	Stock search and selection?	➔ Watchlists, Scans, View and customise charts, Add indicators.
9.	Risk and money management?	➔ Determine yourself; but record on a price chart.
11.	Exit strategy?	
13.	Back testing?	➔ Run Scans "as at" an earlier date.

Slide 15

Example – Case Study

1. "**My**" investment objectives.

2. Which markets?
   - equities, futures, CFDs?
   - long or short?
   - local or overseas?
3. Time frame?
4. Stock search and selection?

5. Risk and money management?
6. Exit strategy?
7. Back testing

➔ Medium to long term horizon with capital growth

➔ Local equities (ASX) only S&P ASX/50 long only (not short)

➔ Select using EOW
➔ Confirmed Up trend; + Jake Bernstein's Mom*.
➔ (details out of scope)

➔ Run Scans as at earlier date.

* - see next slide for details

Slide 16

Jake Bernstein's Momentum

➔ At the September 2007 Melbourne ATAA meeting
➔ Jake Bernstein presented over the Web.
➔ He described a strategy:
   - Buy and Sell signals from 28 period Momentum cross-over with 28 period MA of Momentum.

(sample chart later.../)

Slide 17

In this example – The steps to follow are:

1. Prepare one or more Watchlists.
2. Specify stock search criteria – Scan.
3. Include other details in the Scan?
4. Specify the Watchlist(s) to Scan through, and then run the Scan.
5. View the results, customise the chart.
6. Create a new Watchlist to monitor.

(continued.../)

Slide 18

In this example –
The steps to follow (cont)

7. Decide Go / NoGo (ie. buy / no-buy). If Go, then continue:-
8. Determine position size and initial stop and profit target.
9. Enter the trade.
10. Record actual trade details on the price chart and save it.
11. Monitor trade and record progress.

Step 1 – which stocks?
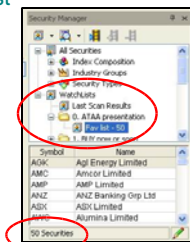## Prepare Watchlist(s)

➔ Create a new **Watchlist "Folder"**
  ✔ Call it "ATAA presentation".
➔ Create one new **Watchlist** in this folder
  ✔ Call it "Fav List - 50".
➔ Take the S&P ASX/50 stock list, and "Copy" all symbols into the new watchlist.
➔ Customise the list:
  ✔ eg. remove Ansell ANN, TabCorp TAH, Timber Corp TIM (if there); and include: AED, Boom Logistics BOM.

(see screen shot next slide)

Step 1 – which stocks?
Prepare Watchlist(s)

➔ Create a new Watchlist "Folder"
and a Watchlist in the folder, and
add stocks from the S&P ASX/50 index,
and delete some.

(do demo now)

What will the chart look like?

Step 2 – search
Scan criteria

➜ Create a new "Scan".
➜ Set the first "scan criteria" to:
  ✔ 55 bar EMA –
     increasing (weekly), for 26 weeks.

Step 2 – Scan
...more criteria

➜ Create two more new scan criteria:
  ✔ **Momentum Smoothed** (ie. MA of Mom)
     has "increased",
     for every bar,
     for all of the "last 3 bars".
  ✔ **Momentum** (28bar) has
     "crossed Above" Mom Smoothed,
     for any bar,
     in the "last 34 bars".

(Note: the time periods used in this example are for this display only.
In reality, we might use different values.)

Step 3 – in the Scan
...include fundamentals

➔ Create more new scan criteria to "Show":
- ✔ Number of Trades
  (will be plotted on the chart).
- ✔ Historic PE ratio
  (will be listed in the Scan Results Table)
- ✔ Earnings Yield
- ✔ Dividend Yield
- ✔ Dividend Cover

(see screen shot next slide)

(20 Fundamental values available in BullCharts to scan on)

Slide 25

The BullCharts
Scan Definition:

Run scan as at earlier date

Run on Weekly data

In this scan, match ALL criteria

A list of all Scan Criteria (in plain English)

Slide 26

Step 4 – Specify a
watchlist, and Run Scan

➔ In the Scan Definition,
   specify which watchlist(s) to scan on.
➔ Run the Scan (weekly on weekend).

Slide 27

Step 5 – View the results

➔ View the Results Table entries.
➔ Double click a line in the
  Scan Results Table
  to create a default chart.
➔ We could:
  ✔ Customise the chart, and
  ✔ Save as a Template for later use; and
  ✔ Add to the Template Toolbar.
➔ Or apply an existing Template.

Step 5 – Scan results table (eg)

Sample data.
Columns are automatically
included in results table
based on Scan Criteria.

Step 6 – Create a new Watchlist, and peruse

➔ Take the Scan Results and save into
  a New Watchlist to monitor later.
➔ Peruse the results and highlight
  watchlist entries with a Colour Code.
➔ Turn on the BullCharts "IntelliCharts"
  feature.
➔ Add lines or text to the chart
  (and it is saved automatically
  as a stock-specific IntelliChart).

Step 7 – Decide go/nogo

➔ Use other indicators on **Daily** time frame to decide if to buy this stock or not.
  ✔ check volatility – **Bollinger Bands**;
  ✔ check **Parabolic SAR**.
➔ Buy? or No-buy?

(see screen shot next slide)

Step 7 – the Daily chart

Step 8 – Determine trade details and record

➔ If "buy", then determine:
  ✔ position size
  ✔ initial stop loss value
  ✔ price target
    (eg. use Gann Retracement tool)
➔ Record these values on the chart.
➔ Save the chart for later reference.

Step 8 – Price target sample calculation

Step 9 – Enter the trade, and record the details

➔ Once the trade is entered,
   record details on the saved price chart:
   ✔ trade date
   ✔ position size
   ✔ actual purchase price
➔ Save the chart for later reference
   to monitor ongoing performance.

Slide 35

Step 9 – The saved price chart

Step 10 – Monitor and record progress

➜ According to your Trading Strategy, monitor the position
(eg. hourly, daily, **weekly**, monthly).

➜ Revise Trailing Stop (eg. CBL).

➜ Record updated details on the saved price chart.

➜ Save the chart for later reference to monitor ongoing performance.

Slide 37

Step 10 – The updated saved price chart

Slide 38

Step 10 – The Final Result saved in a price chart
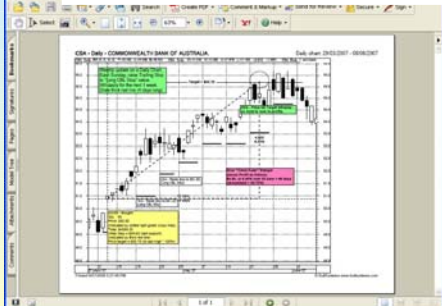
Digress for a moment:-

Summary

➔ Have a Trading Plan (in writing).
➔ Recorded key steps on a Price Chart.
➔ Saved the price chart for
  ongoing reference.
➔ Now have a record of the trade details
  (both soft copy and hard copy).
➔ Includes a record of the ongoing
  monitoring and revised trailing stops.
➔ Can easily review performance.

Slide 41

The Hard Copy chart
when printed

Slide 42

How to implement a trading strategy in charting software (eg. in BullCharts)

Presenter:

Robert Brain
http://www.robertbrain.com/

BullCharts user and
Melbourne BullCharts User Group convenor,
Professional trainer, consultant, computer whiz,
technical analyst and part-time trader.

More information about upcoming seminars:
"Share Market Boot Camp"

and "Technical Analysis Introduction"
are available on the web site above.

Also info on Brainy's Free Weekly BullCharts Tip Sheets
and Brainy's monthly e-Newsletters.

Slide 43

Q & A

Thank you

Questions and Answers

BullCharts Demo
(if time permits)

Slide 44

Backup Slides

follow
in case they are necessary

Slide 45

BullCharts Questions

- **Trial**
  - Free 2 week trial - full version and Live Data
- **Software**
  - $795 once off
- **Data**
  - End Of Day $352 per annum
  - Live (inc EOD) - $151.25/month
  - TradeSim Std $198, Prof: $484
- **Fair Deal Cross-grade from your current provider**
  - Transfer your remaining months for free
- **Trial of BullCharts**
  - Windows XP or 2000 (Not W95/W98/ME or Mac)
- **www.bullcharts.com.au**
- Contact BullCharts / BullSystems to discuss.

BullCharts
What is it?

Quoting from the developers (BullSystems):

"An innovative charting and
technical analysis system.

It provides a feature rich and
powerful set of tools
with access to the latest strategies
from local and overseas authors
in analyzing the dynamics
of the stock market."

Source: http://www.bullcharts.com.au/