



Investing Tips and Success Secrets



Investing tips and Success secrets

September 2014
Robert Brain

Price charts summarize the underlying opinions and emotions of the market participants. Every chart tells a story. It pays to understand the stories in the price charts.



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Brainy's Share Market Toolbox

Successful?

Are you successful in the markets?
Success? — What is "success"?
How do we define "success"?

1. Achieving day-to-day income?
2. Capital improvement?
3. Enjoyment?

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Brainy's Share Market Toolbox

Many investors have struggled in recent years...

But why? 

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Investing Tips and Success Secrets

Brainy's Share Market Toolbox

Possible reasons?

1. The "market" (Mister Market)
2. Poor quality advice
3. Disbelief:
 - a) "This can't be happening."
 - b) "It will turn around and come good."
 - c) "Blue chips are supposed to be reliable."
4. Reluctance to take action
5. Other?



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Brainy's Share Market Toolbox

Six key *Toolbox* web pages:

- Successful investor's mindset
- Share market success secrets
- Investing and trading tips
- Investing problems?
- Balance the time on research and investing
- Great questions for your advisor.



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Brainy's Share Market Toolbox

Links to these web pages

Go to: www.robertbrain.com/share-market/

Or go to the **Toolbox Home page**, and follow the link to "The Share Market".

Share market tips and guidance

Looking for some tips and guidance to help you profit in the share market? Here are some interesting and perhaps thought-provoking ideas:

- **Successful investor's Mindset** - we can replicate our successes by adopting a particular mindset.
- **Sharemarket Success Secrets** - some key level and fundamental tips to help achieve success with our investing.
- **Investing and Trading Tips** - some thought-provoking tips for investors and traders.
- **Investing Problems?** - This list of investing problems and comments encourages you how to address them.
- **Balance the time on research and investing** - does it matter how much time we spend on our investing and trading activities? and why do some people spend inordinate amounts of time on the same activity?
- **Some great questions** to ask your share broker or financial adviser.

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Today's agenda

- Quiz — How good is your "investing judgement"?
- Q&A — Questions (& Answers) 
- **Investing problems & FAQs**
- **Success Secrets** (The agenda is flexible, and could be rather lengthy)
- More Q&A?
- Current charts of stocks or index?

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 **Brainy's Share Market Toolbox**

BTW (By The Way)

- I send occasional email to interested groups
- My **Share Market Toolbox** web site:
 - Toolbox Members receive weekly email with (charts) analysis of our market
 - And there's lots more (stop loss, trends, etc...)
- Register for free and not miss out.
- Visit: www.robertbrain.com 

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 **Brainy's Share Market Toolbox**

Interactive...

- Please ask questions.
- Let's discuss details.
- View the price charts using BullCharts software. 

 www.bullcharts.com.au

**Every chart tells a story.
It pays to understand the stories in the chart.** 

Introduction & Housekeeping

About... Robert Brain

Nimble Short term Investor
consultant, educator and part-time* share trader
web-based sharemarket-support business

- Many years experience as trainer, presenter, conference facilitator (Scouts)
- Share Market – active 15+ years* (slowly at first)
- Chartist ie. technical analyst (ATAA member and national director)
- Provide support and tuition to traders and investors **Brainy's Share Market Toolbox**
- Member Mensa
- Engineering Degree (structured thinking with an eye for charts and diagrams)
- 30+ years – professional experience (IT and management)
- Do not hold AFS license! (Can't give advice)
- BullCharts software** (convener Australian BullCharts User Group and authorised reseller with special pricing)


* Not yet enough capital to live off the proceeds of trading (after trading as a hobby until a career change in 2008).

Conflict of Interest

Brainy's Share Market Toolbox

Important Notice — No Advice!

- This presentation does not include any advice.
- For proper advice, your personal financial situation needs to be considered.
- This presentation is pure education, only for your general awareness.
- There are no recommendations to take any action, or to invest any money in any way.
- Always consult a properly licensed advisor before making investment decisions.



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Important Notice



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Q & A ?

Any questions before we start?

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Comfortable with charts?

How comfortable are we with price charts?

Perhaps do the quiz now?

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 **Investing Problems & FAQs**


Investing problems?

Why have investors had a tough time since the GFC?

What sort of "problems" have investors been facing?

What sorts of things have been going "wrong"?



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Investing Tips and Success Secrets

 **Investing problems?**

1. Can't get motivated?
2. Sleeping at night?
3. Blue chips not performing?
4. Emotions — strong
5. Losing too much money?
6. 100% Success — not achievable?

(and six more on next slide..)
[gotonext topic...](#)


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 **Investing problems?**

7. Small losses are okay?
8. Go broke taking profits?
9. Fundamental analysis
10. Analysts valuations — vary?
11. Managing the risks — how?
12. Position size — it is important?

Let's take a quick look at these...
[gotonext topic...](#)

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 **Investing Problems & FAQs**

1. Can't get motivated

"I have trouble devoting the time to my research and investment activities."

- Too busy?
- Can't get motivated?
- Not interested?
- The rewards are not obvious?

[gotoproblems list](#)


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 **Investing Problems & FAQs**


1. Can't get motivated


"I have trouble devoting the time to my research and investment activities."

- Don't know where to start? — need a plan and a documented strategy
- Can be as simple as time management
- Priorities — be mindful of the appropriate balance of time.



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 **Investing Problems & FAQs**

2. Sleeping at night?

"I spend too much time worrying about my investments. Worrying that they might crash in value."

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 **Investing Problems & FAQs**

2. Sleeping at night?

"I spend too much time worrying about my investments. Worrying that they might crash in value."

- Perhaps an investment position is too large — a big chunk of the investment capital
- A smallest position should not be an issue
- The "2% Rule". [See more...](#) (on the web)

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 **Investing Problems & FAQs**

3. Blue chips nct performing

"I thought that blue chip companies are supposed to be good performers; but I have noticed that their share prices fell significantly in the last financial crisis."

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 **Investing Problems & FAQs**


3. Blue chips nct performing

"I thought that blue chip companies are supposed to be good performers; but I have noticed that their share prices fell significantly in the last financial crisis."

- Blue chips are not a guaranteed pathway to wealth
- They can be disappointing
- See the [truth about blue chips...](#)

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 **Investing Problems & FAQs**


4. Emotions — over-powering

"I find the underlying emotions make me rather nervous and perhaps over-cautious."

- Sweaty palms;
- Butterflies;
- Self doubt...

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 **Investing Problems & FAQs**

4. Emotions — over-powering

"I find the underlying emotions make me rather nervous and perhaps over-cautious."

- Some experts say success is 20% analysis and judgement and 80% controlling the emotions
- Be more in control and more comfortable with a documented (and tested) strategy
- Read more [about emotions...](#)

[gotoproblems.list](#)

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 **Investing Problems & FAQs**

5. Losing too much money

"Some of my investments are simply losing money. From week to week, their face value is falling and falling."

But the experts say:
"Time in the market is important, because we can't time the market".

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 **Investing Problems & FAQs**


5. Losing too much money

"Some of my investments are simply losing money. From week to week, their face value is falling and falling."

- **"Time in the market" is a myth.**
- We can **"time the market"!**
- Try using a **Stop Loss** to protect capital, or an alternative *exit strategy*.

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 **Investing Problems & FAQs**


6. Striving for 100% success

"I am only starting out with this investing/ trading thing, and I am striving for a 100% success rate. I will always be right with my investing/trading decisions. In life, I am always right."

(This is the typical view of engineers and scientists.)

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 **Investing Problems & FAQs**


6. Striving for 100% success

"I am only starting out with this investing/ trading thing, and I am striving for a 100% success rate. I will always be right with my investing/trading decisions. In life, I am always right."

- NOTE: It is NOT possible to be right 100% of the time in the markets!
- We will be wrong on occasions.
- So, get over it!

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 **Investing Problems & FAQs**

7. Losses — but still in front?

"I have heard that even many small losses can put us ahead; but it doesn't seem to be working for me."

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 **Investing Problems & FAQs**


7. Losses — but still in front?

"I have heard that even many small losses can put us ahead; but it doesn't seem to be working for me."

- We can be profitable with a Win:Loss ratio as low as 40% ...

Provided:

- Wins are large and losses are small, and
- We are being consistent (a strategy).

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 **Investing Problems & FAQs**

8. Go broke taking profits?

"I have heard it said that I can't go broke taking profits. So, I like to cash in my shares after a reasonable profit. Is there something wrong with this advice?"

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 **Investing Problems & FAQs**

8. Go broke taking profits?


"I have heard it said that I can't go broke taking profits. So, I like to cash in my shares after a reasonable profit. Is there something wrong with this advice?"

- There sure is.
- It is possible to go broke taking a profit, if the profits are not large enough to out-weigh the losses.





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 **Investing Problems & FAQs**

9. Fundamental analysis — complex?

"I am trying to get a handle on Fundamental Analysis, but everyone is telling me to focus on different things. eg. Study company annual reports - but I am not an accountant. And those ratios, and percentages..."

goto problems list

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 **Investing Problems & FAQs**


9. Fundamental analysis — complex?

"I am trying to get a handle on Fundamental Analysis, but everyone is telling me to focus on different things. eg. Study company annual reports - but I am not an accountant."

- Fundamental Analysis is a diverse field
- There are many possibilities
- Some people enjoy what they do
- The technical analyst believes it can be more confusing than helpful.

goto problems list

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 **Investing Problems & FAQs**

10. Analysts' valuations — vary

"I have noticed that six different stock analysts will have six very different valuations for BHP's share price (for example). So, what's the story?"

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 **Investing Problems & FAQs**

10. Analysts' valuations — vary

"I have noticed that six different stock analysts will have six very different valuations for BHP's share price (for example). So, what's the story?"

- They use a range of assumptions
- They do price projections for different time periods.
- The end result is an **opinion!**
- They can't all be right!

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 **Investing Problems & FAQs**

11. The risks — too high

"I feel that the risks of investing in the share market are too high."

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 **Investing Problems & FAQs**

11. The risks — too high


"I feel that the risks of investing in the share market are too high."

- The risks can be managed
- Watch out for "corrections" and "bear markets" (they come often*)
- Utilise a Stop Loss (or other exit strategy)
- Use sensible Position Size.

* - See www.robertbrain.com/bearmarkets/

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 **Investing Problems & FAQs**

12. Position size? — not the same?

"Does it matter how big/small I make the position size? Can I invest as little as just \$500 in some shares?"

[goto problems list](#)

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 **Investing Problems & FAQs**

12. Position size? — not the same?

"Does it matter how big/small I make the position size? Can I invest as little as just \$500 in some shares?"

- If too small — takes too long to cover the costs (brokerage, slippage)
- If too large — can be difficult to sell quickly (consider: Volume, Value)
- See more about [Position Size...](#)

[goto problems list](#)

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 **Investing Problems & FAQs**

Summary of key problems

| | |
|-----------------------------------|--------------------------------------|
| 1. Can't get motivated? | 7. Small losses are okay? |
| 2. Sleeping at night? | 8. Go broke taking profits? |
| 3. Blue chips not performing? | 9. Fundamental analysis |
| 4. Emotions — strong | 10. Analysts valuations — they vary? |
| 5. Losing too much money? | 11. Managing the risks — how? |
| 6. 100% Success — not achievable? | 12. Position size — it is important? |

[goto problems list](#)

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 **SUCCESS SECRETS**

1. Beware "sage advice"
2. Long term? — NOT!
3. Have a plan and strategy
4. Diversification?
5. Trends — up, down or none?
6. Risk management
7. Exit strategy and Stop Loss
8. Technical analysis
9. The "4 Windows" approach
10. Balance the time



 **Success Secrets**

1. Beware sage advice

Many clichés and axioms, for example:

- "time in the market, or timing?"
- "a rising tide lifts all boats"
- "When Wall Street sneezes other markets catch a cold"
- "dollar cost averaging..."
- "the trend is your friend"



Some share market gems are actually **furphies!!**

 **Success Secrets**

2. Long term? or not?

- Need to accept that many investments are best NOT kept for the long term
- Even *blue chip* shares can plunge in value, and result in opportunity costs.

More information about how blue chips can disappoint:
www.robertbrain.com/share-market/blue-chip.html

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 **Success Secrets**

3. Plan and strategy

When investing make sure to have some form of investing / trading **plan and strategy** in place.


To help stay focussed, and on the straight and narrow.

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 **Success Secrets**

4. Diversification

- Be careful not to overdo it
- When spreading investments widely, the portfolio performance will be closer and closer to the average performance of the whole
- Might as well invest in an index-tracking fund, and ride the roller coaster of bull and bear markets.



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 **Success Secrets**

5. Trends

- Identify and ride a rising trend*.
- Once an up trend is under way, it is statistically likely to continue (due to investor sentiment and opinion)

(see larger chart next slide...)



* - Trend following is just one possible strategy

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Success Secrets

6. Risk management

- Make sure to have effective *risk management* in place.
- Details in your *investing strategy* document
- Will encompass some rules to limit position size, and the portion of your total investment capital that is at risk.
- Effective risk management will help to sleep at night.

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Success Secrets

7. Exit strategy & Stop Loss

- Make sure to utilise an effective *exit strategy* or a simple *Stop Loss* approach.
- Recorded in the risk management section of your *trading strategy*.

More details:
www.robertbrain.com/share-market/exit-strategies.html
www.robertbrain.com/share-market/stop-loss.html

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Success Secrets

8. Technical Analysis

- Price charts summarise the underlying opinions and emotions of market participants.
- Every chart tells a story.
- This is essential to maximise the effectiveness of entry and exit timing
- See sample on next slide.

More details: www.robertbrain.com/ta



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Success Secrets

Opinions of participants about the price are shown in the chart.

(weekly chart of CBA)



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Success Secrets

9. The "4 Windows" approach


To help learn about technical analysis and the many different aspects...

The "4 Windows" approach

More details: www.robertbrain.com/4-windows




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 **Success Secrets**

10. Balance the time

- Be aware of the amount of time that is consumed on the investing activities.
- It might not be necessary to spend so much time on some aspects.
- Personal priorities in harmony.



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 **Success Secrets**

11. Psychology & emotions

- Understand the issues at play with emotions, and the psychology of investing.
- Understand the different cognitive biases that can affect performance, for example:
 - Confirmation bias
 - Herd instinct (comfort in conforming)
 - Over-confidence effect
 - Familiarity bias

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 **SUCCESS SECRETS**

1. Beware "sage advice"
2. Long term? — NOT!
3. Have a plan and strategy
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7. Exit strategy and Stop Loss
8. Technical analysis
9. The "4 Windows" approach
10. Balance the time

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Summary & Wrap up

Summary

Investing problems
& FAQs
Success secrets

*Every chart tells a story.
It pays to understand the stories in the chart.*



Brainy's Share Market Toolbox

Those key web pages

Go to: www.robertbrain.com/share-market/

Or go to the Toolbox Home page, and follow the link to "The Share Market".

Share market tips and guidance

Looking for some tips and guidance to help you profit in the share market? Here are some interesting and perhaps thought-provoking ideas:

- **Successful Investor's Mindset** - we can replicate our successes by adopting a particular mindset.
- **Sharemarket Success Secrets** - some key level and fundamental tips to help achieve success with our investing.
- **Trading and Trading Tips** - some thought-provoking tips for investors and traders.
- **Trading Psychology** - The list of insecurities and concerns we encounter when trading. How to address them.
- **Define the line of research and reading** - does it matter how much time we spend on our investing and trading activities? and why do some people spend inordinate amounts of time on the same activity?
- **Some great questions to ask your share broker or financial adviser**



Brainy's Share Market Toolbox

Don't forget

- I send occasional email to interested groups
- My **Share Market Toolbox** web site:
 - Toolbox Members receive weekly email with (charts) analysis of our market
 - And there's lots more (stop loss, trends, etc...)
- Register for free and not miss out.
- Visit: www.robertbrain.com



 **Summary & Wrap up**

Don't forget my Toolbox

- Brainy's **Share Market Toolbox**
 - www.robertbrain.com
 - Loads of eBook (PDF) Articles
 - Info: share market, charting, BullCharts
 - Weekly Market Updates and Weekly Watch List
 - monthly e-Newsletters
- Good charting software – BullCharts
www.robertbrain.com/bulcharts/
- My contact details:
web site above, or phone: 0438 355 910



 **Summary & Wrap up**

THE END

See free stuff here:
www.robertbrain.com/free

Thank you.

www.robertbrain.com
or phone: 0438 355 910

 **Summary & Wrap up**

THE END

THANK YOU

(Backup when home)
