



CIBC
Wood Gundy

Buy & Hold Works: Until the Trend Ends... ...THEN WHAT?



Presented by:

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Kitchener Computer Club – May 20th, 2015

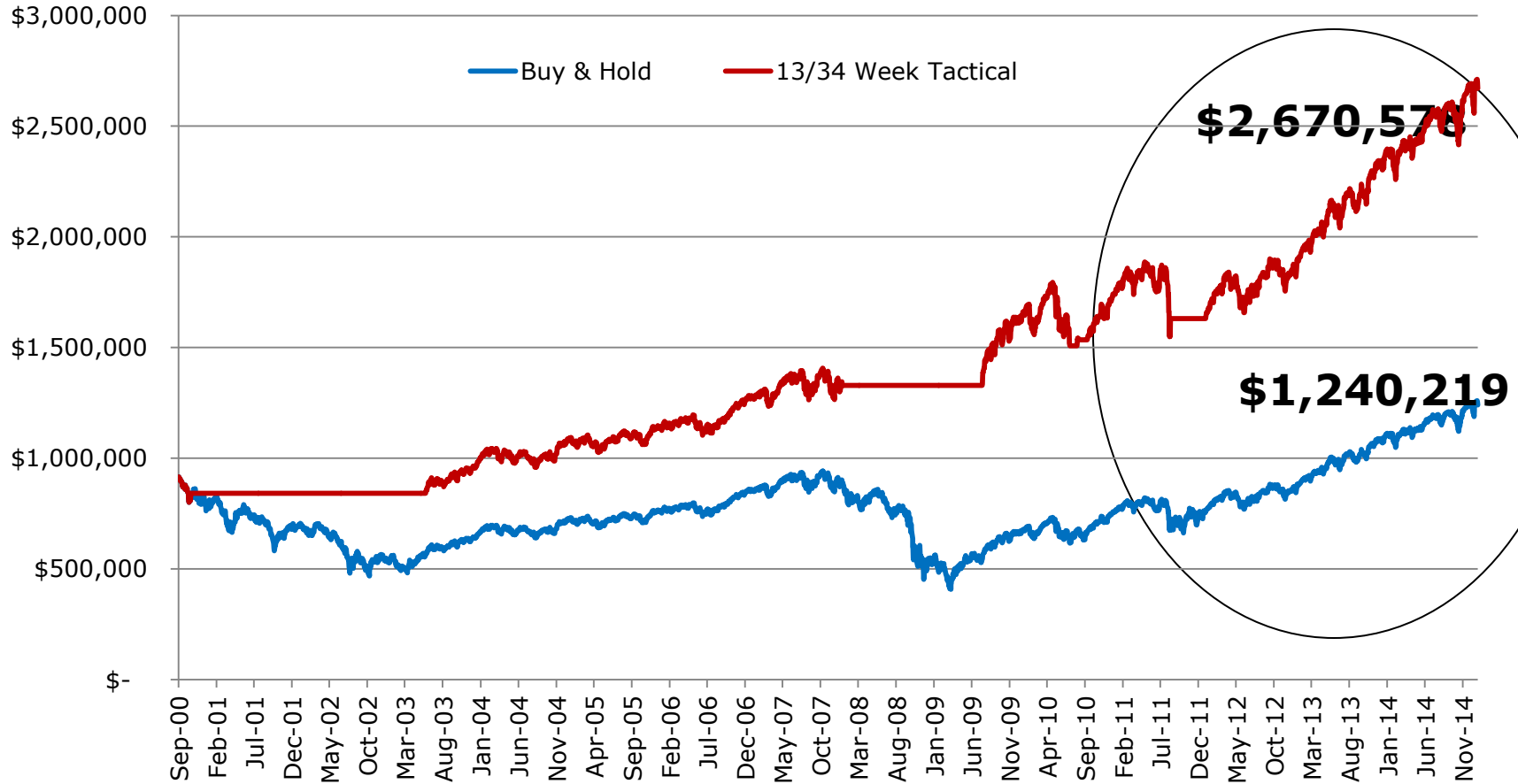
Who Am I?

- Bachelor of Mathematics – University of Waterloo
- My family recently relocated to Guelph after 13 years in British Columbia
- One of 236 dual holders, globally, of both the Chartered Financial Analyst (CFA) and Chartered Market Technician (CMT) designations
- Passionate about the investment markets, skiing, golfing, wine, poker and music

- Buy & Hold **DOES NOT** work
- Stocks/markets/assets go through **bullish (rising)** periods, which are followed by **bearish (falling)** periods – extract profits regularly
- Holding equities in a bear market/downtrend is akin to financial suicide
- **ANYTHING** is possible
- small losses are preferred to **big** losses

Do You Prefer Red? Blue?

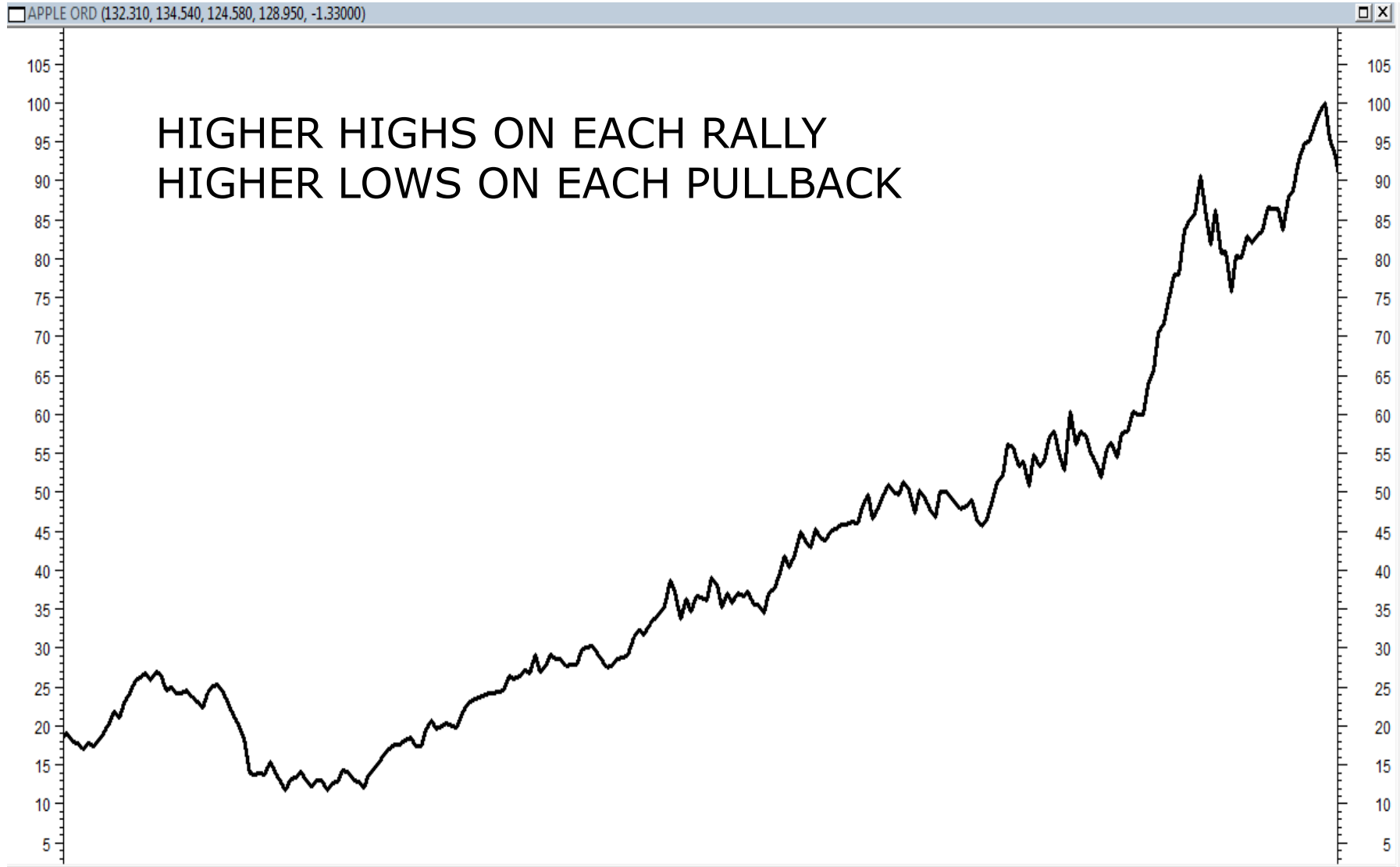
S&P 500 During Tougher Times (2000-2014)



My Assumptions

- Strong stocks tend to stay strong
- All stocks peak
- Need to hold stocks for the duration of the trend and exit when it ends
- Less volatility is preferred to high volatility
- Investing in a down-trending market is not worth the effort

What is a Trend?

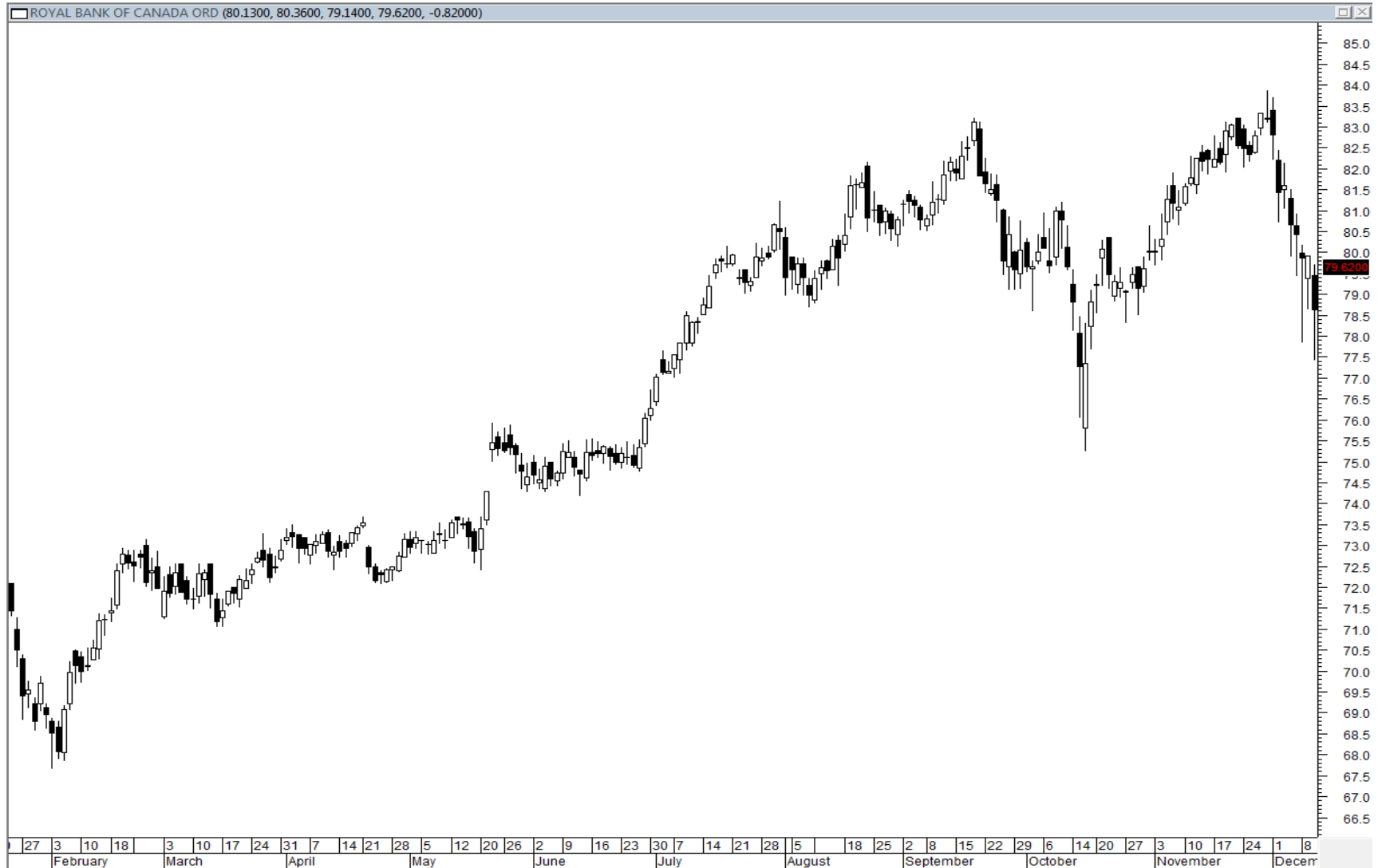


Uptrend: Strategy

- Own stocks, sectors, markets, ETFs that are rising AND rising more strongly than the index
- Understand how you will interpret a CHANGE in that uptrend
- What will you do about it?

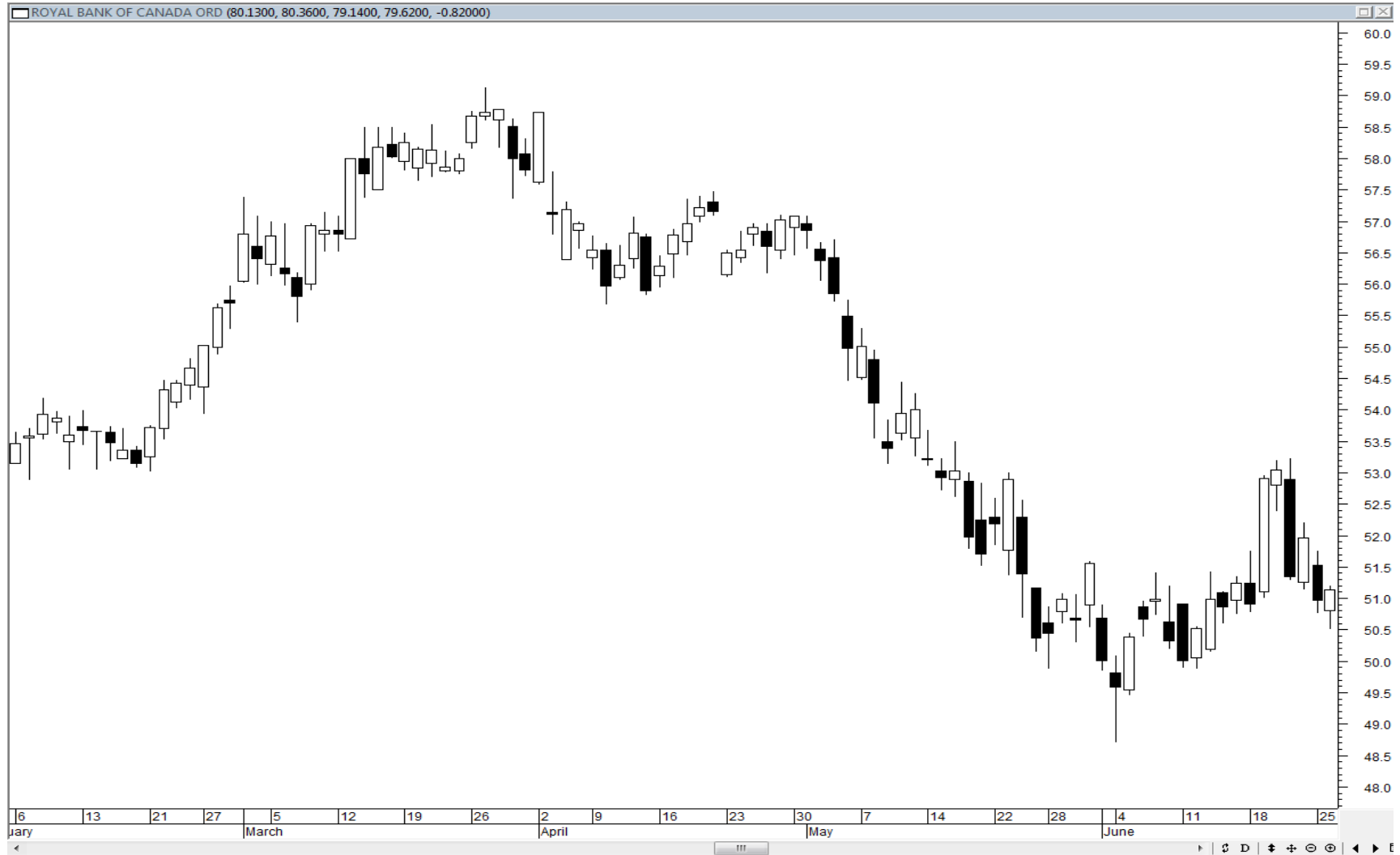
- CAPITAL PRESERVATION!
- Sell stocks in your portfolio
- Reduce risk
- Raise cash
- Own more defensive securities/assets
- Don't rely on hope
- Don't cross your fingers
- It can fall more than you can possibly imagine!

Up, Down or Sideways?



Source: Metastock

Up, Down or Sideways?



Source: Metastock

Up, Down or Sideways?



Source: Metastock

Understand the Trend

Market Summary

	13-week Moving Average	34-week Moving Average	Price Above/(Below) 200-Day
S&P/TSX Composite (Canada Stocks)	NEGATIVE	POSITIVE	ABOVE
iShares DEX Bond (Cdn Bonds)	NEGATIVE	NEGATIVE	ABOVE
S&P 500 (U.S. Stocks)	NEGATIVE	POSITIVE	ABOVE
Lehman 20-Year Trust ETF	NEGATIVE	NEGATIVE	NEGATIVE
iShares Emerging Markets	POSITIVE	POSITIVE	ABOVE
Gold (U.S. dollar terms)	NEGATIVE	NEGATIVE	BELOW
Canadian \$ (vs. U.S.\$)	POSITIVE	NEGATIVE	BELOW

* as at May 6th, 2015

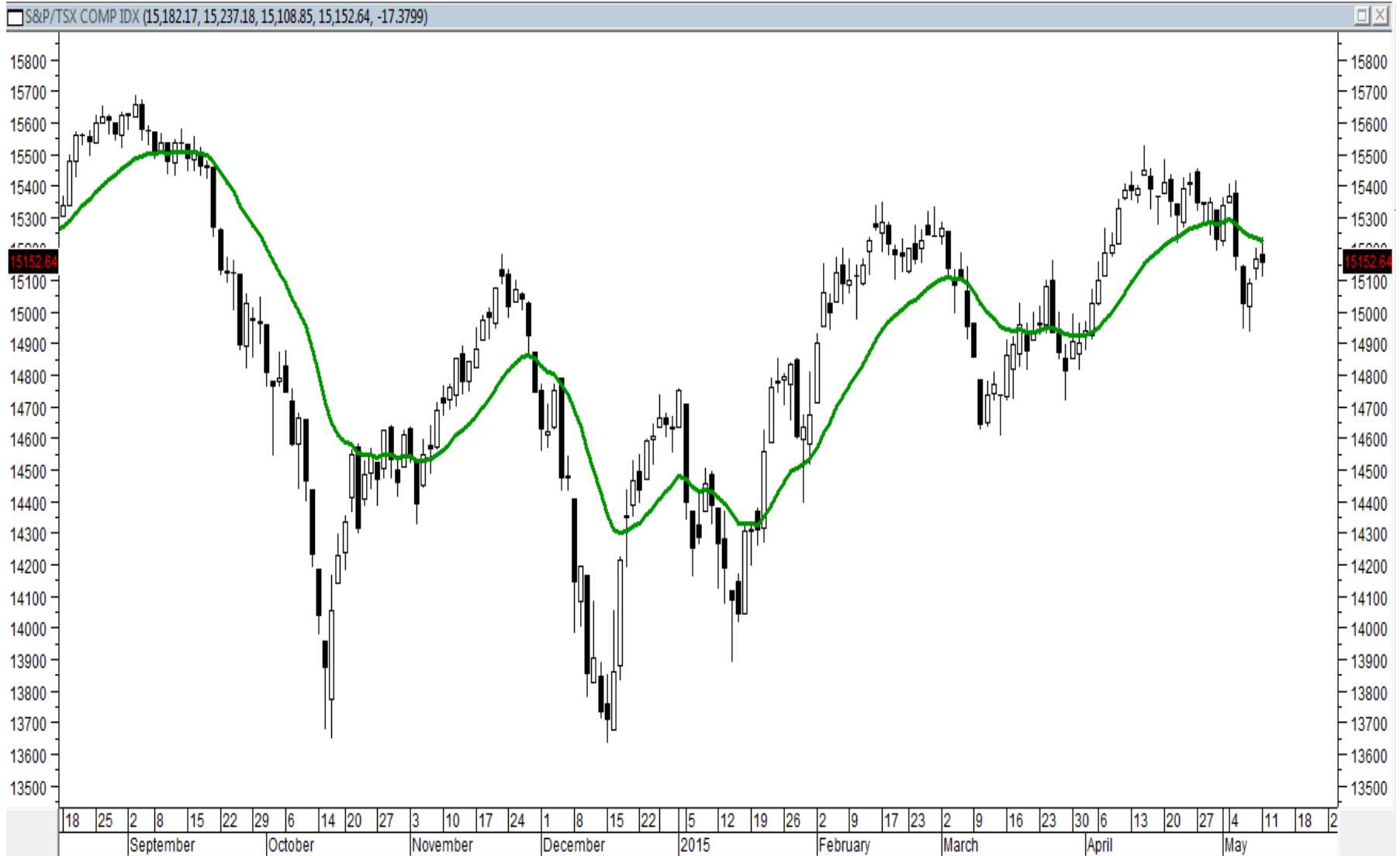
** changes from last month are noted in
RED text

- Don't think you know what you can't know
- Conviction is dangerous
- Be flexible
- Don't get attached to ideas, holdings or stocks

Highs vs. Lows



Violent Moves



Source: Metastock

Important Points

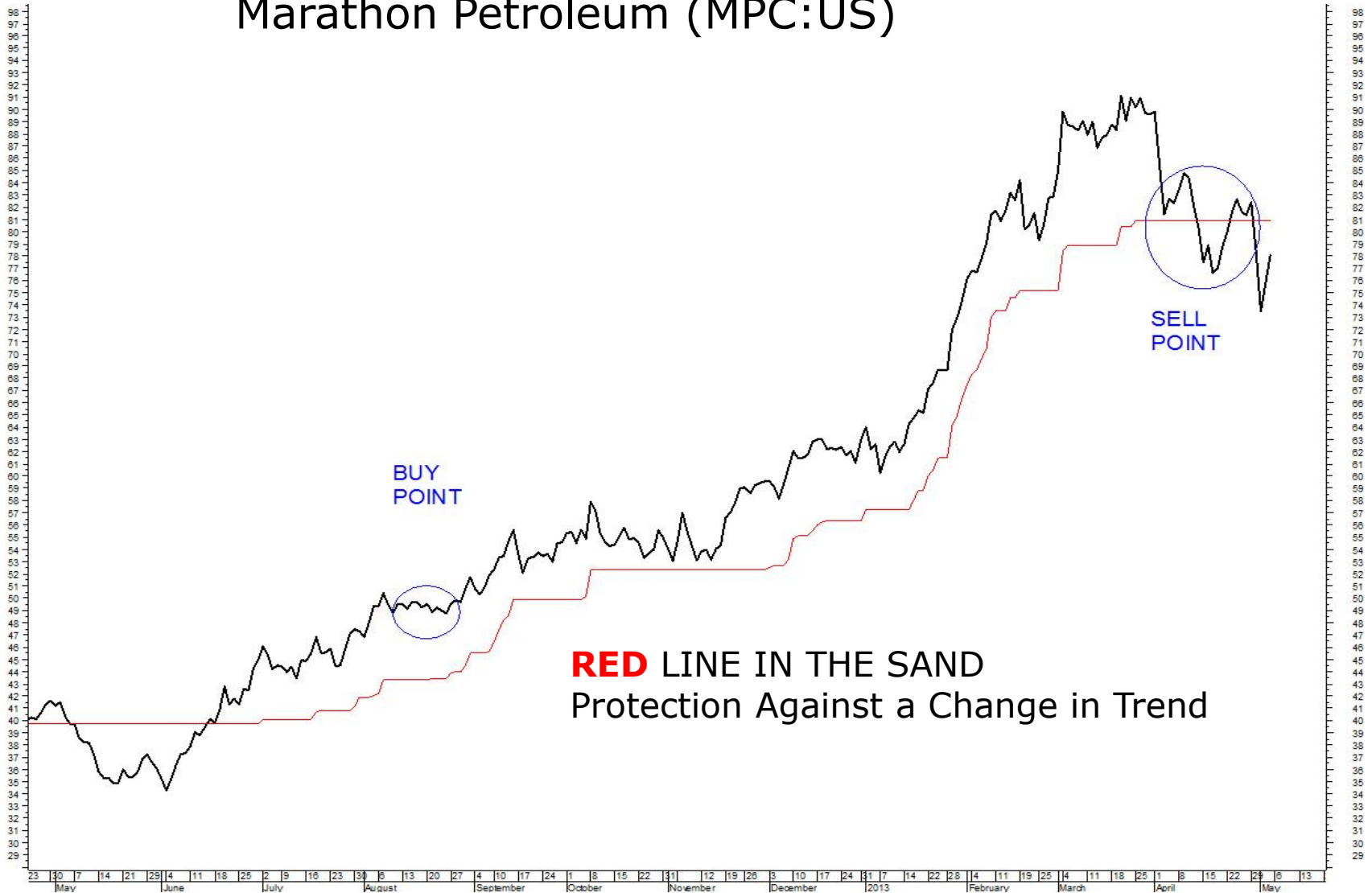
- Making money in a bull market is easy
- Losing money in a bear market is easy

- Most added value comes from the ability to protect capital aggressively when the TREND changes

- 10 **BIG** Multi-**BILLION** \$\$\$\$ Companies
- Only Buy Stocks Heading Up (**Bottom Left** to **Top Right**)
- BUY the Strongest Stocks in the MARKET
- **RED Line** in the Sand
 - PROTECT PROFITS
 - CUT LOSSES

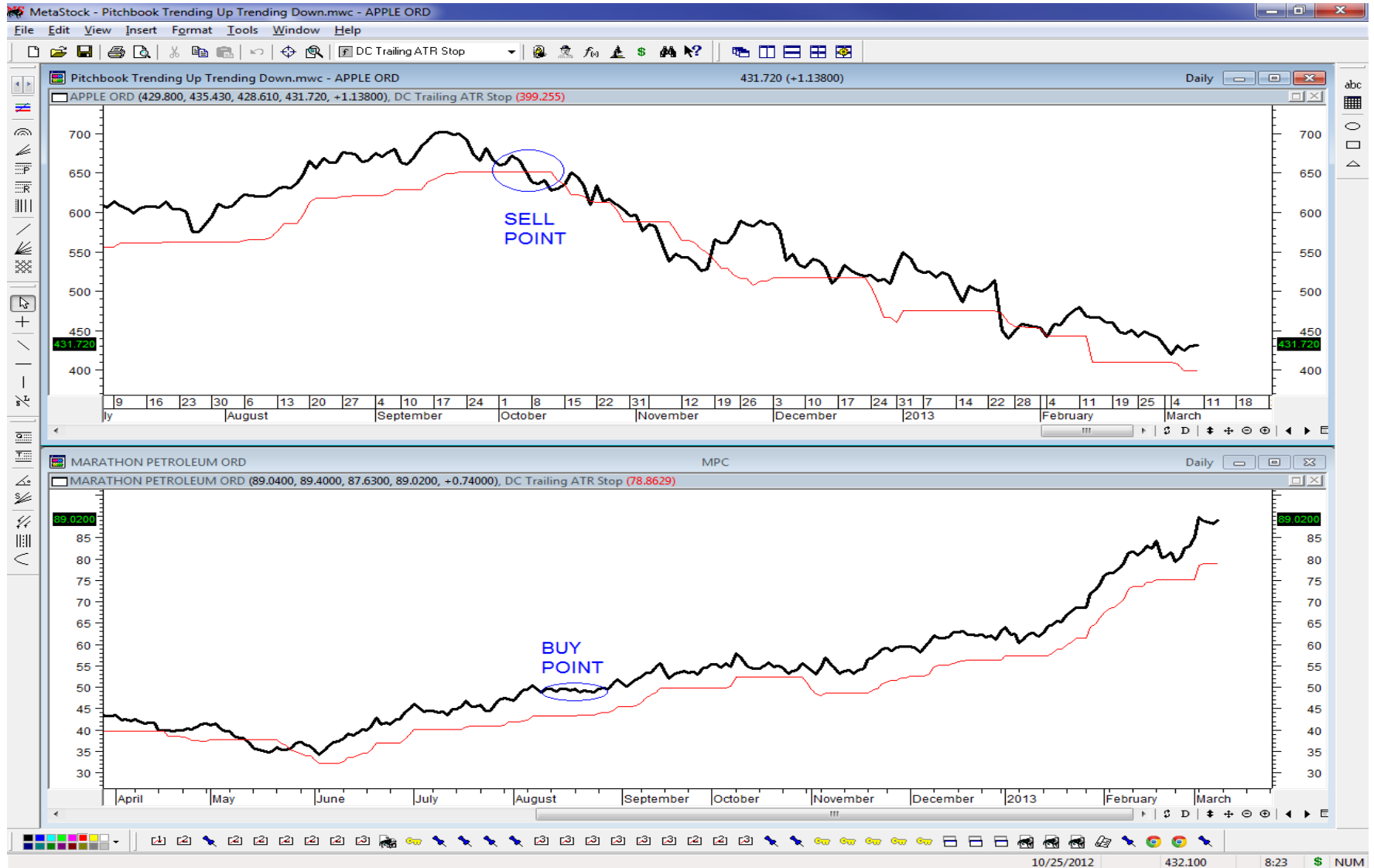
Trend Trading - Sell

Marathon Petroleum (MPC:US)



Source: Reuters, Metastock

Only Buy Rising Stocks!



Source: Reuters, Metastock

Bear Market Alert!:

How To Prepare For What Lies Ahead

Tuesday, June 2nd, 2015 @ 8am

Cutten Fields, Guelph, ON

RSVP is required: david.cox@cibc.ca or (519) 823-4411

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Questions & Answers



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Thank You

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