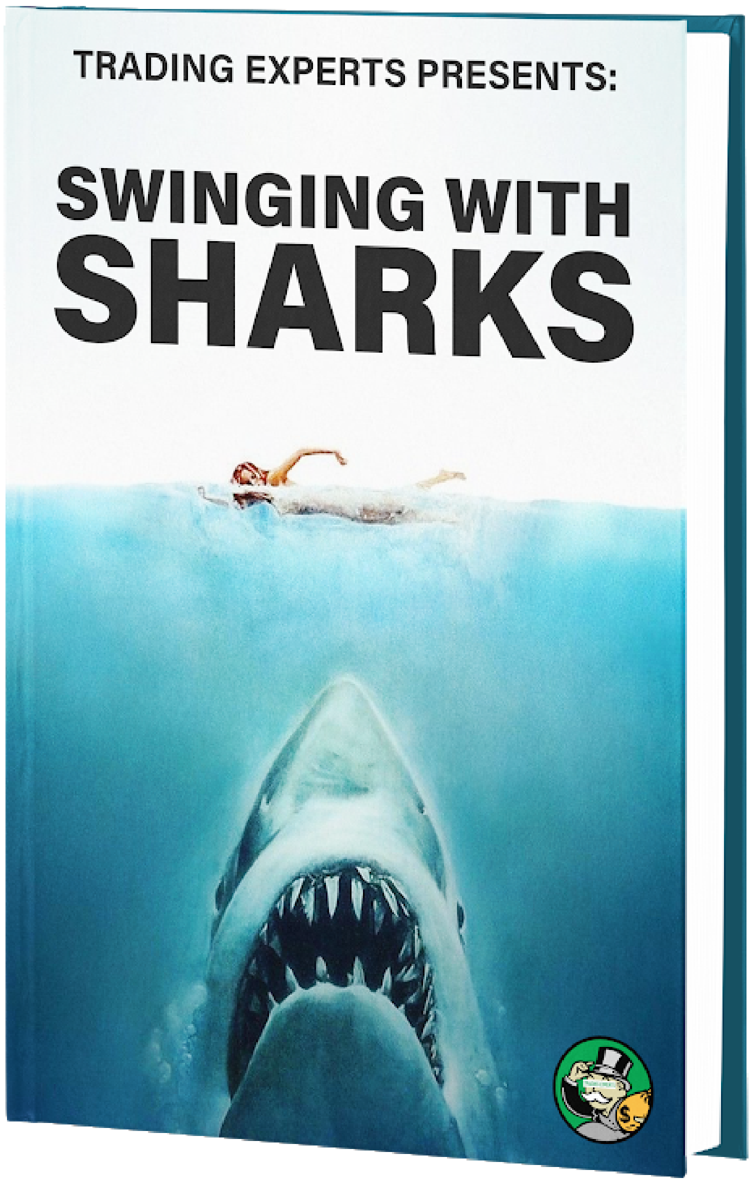
TRADING EXPERTS PRESENTS:
SWINGING WITH
SHARKS

Trading Experts Presents:

Swinging with Sharks

Each year the markets change, one year it can be all rosey and easy, think 2019, then the following can be an absolute blood bath, think 2020. The crazy part is most investors want markets like 2019, yet we made more money trading in 2020!

After being a part of a correction or two (or a dozen) you begin to embrace them. If unprepared you dread them as most are not looking for telltale signs. Those are the ones who get easily caught with their pants down! However, those who know what to look for can quickly make an annual return in a few weeks --- all while obeying our systematically cautious (risk/reward focused) approach.

Throughout this program we'll focus on a trader's mindset who is working his way through a correction. We'll see how regardless of market conditions, by taking your trading week by week, the market could run around in circles and you could still have an amazing year. Now, of course, you can just as easily cause more harm than good if you over trade in an environment that is telling you less is more.

Best of luck & buckle up it's going to be a bumpy ride!

From Shake and Ben G

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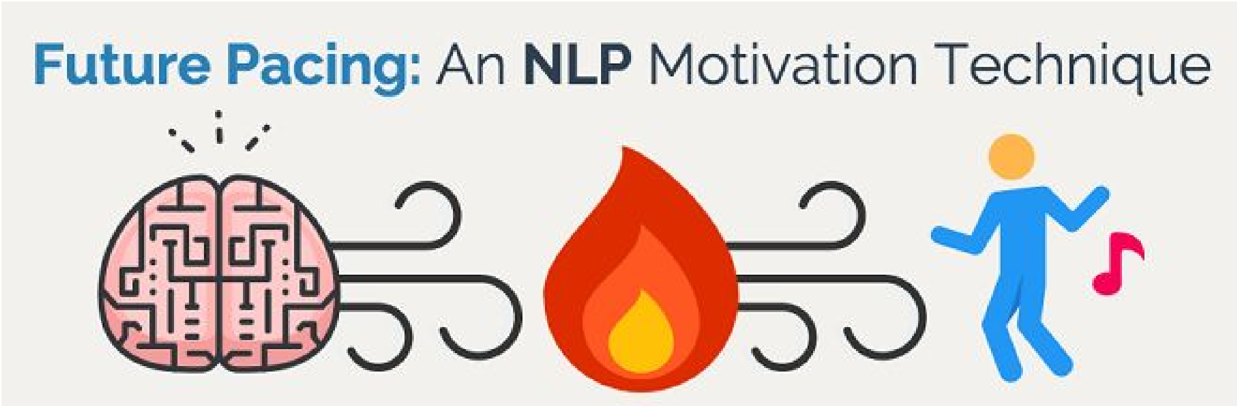
Future Pacing

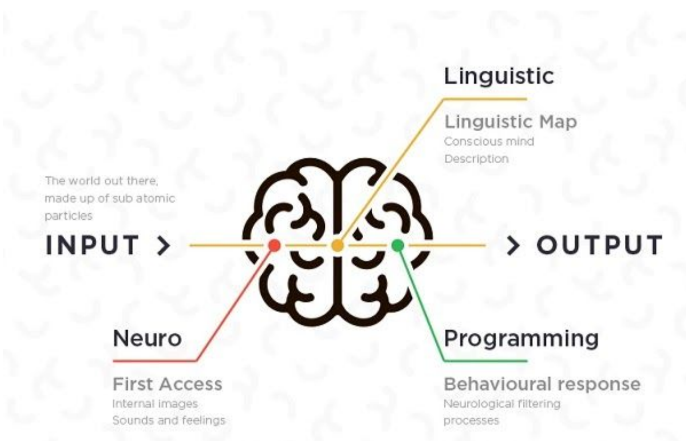
Have you put up a Comma day yet? If so, great, how about a $5,000, $10,000 or even $100,000 day? Regardless of the amount of that goal for a moment take a minute to envision your future self putting that day up with ease. How do you envision your future self? You probably didn't envision you in your mother's basement with cheetos crumbs over your mouth. You might have envisioned yourself in a tailor made suit, strolling out of a red Ferrari as you walk into your office to check your PnL after coming back from lunch. Ehh only $100,000? That’s it, you must be slacking because that’s a light day for your future self.

Snap, snap the Wendy Roads session is over it's now time to get back to reality for a second, if you took a moment to really envision what your future successful self looked like it might have been different, maybe you want to be saving the rainforest or some shit. What we just did is a method called *future pacing.* The point of this is to see the end goal and reverse engineer it back to the present so you can act like your future successful self while nudging yourself to where you need to be in future.



Doing this enough the results should give you a positive feeling about you presently associating yourself with a future achievement right now, as opposed to waiting years to enjoy that feeling.

If you are still confused, this exercise is designed to help boost your self confidence, where you can act as if you have the answers and eventually those answers come to you. As yourself what would it take to put up a $10,000 day? Let's say it would be a 1% increase in your overall bankroll, well how much would your bankroll need to be? The answer would be a cool million, now right now with $1,000, $10k or even $100k that million might seem impossible, it's not you just need a plan.



Now future pacing is a good tool to use when you are not feeling 100% on your game, it is something to use sparingly, you want to put yourself in an empowered state which will help the flow of ideas come to you much easier than if your bitching and moaning in a disempowered state when your trades don't go as planned (quit your whining, no one likes a cry baby). Now the reason why we say to use this sparingly is because if you walked around 24/7 pretending to know all the answers you're just going to look like an asshole. Instead of looking like an asshole focus on the 4 C’s.

Certainty, Clarity, Confidence and Courage

This 4 C’s are your best fucking friend, your wolf pack so to speak and future pacing is Bradley Cooper,you and your wolf pack are on the hunt to find your Doug and get your mojo back. When you are not feeling 100% in anything, work, trading, life in general, envision your future self down to the tiniest detail and get back to kicking ass.

Swinging with Sharks Task

Write down your future self 10 years from now to the most specific detail and work backwards to figure out how to get there.

Tail Light Approach

Have you ever been driving in foggy or snowy conditions and you can't see a damn thing? We've all had a white knuckle experience or two. Trading on your own during volatile conditions can be quite similar. However after the experience is over and your nerves subside, you feel that your skills have steadily improved. During these scary times, if you were following someone who has already been down that foggy road, it can make the process less intimidating. It helps to mitigate that nervous feeling that most would have by themselves on that icy road.

Just like going through a haunted house, skydiving, or even eating -- Yes I know, all over the place with examples, however some people find skydiving terrifying and we know people who cannot eat by themselves in public places...

For this reason, in trading, is why we follow leaders for direction. Leaders can be in the form of individual stocks or even traders themselves. If the best trader you know is telling you to pump the brakes, it might be a sign to take note of.

I often look back at prior mentors, who all gave me sage advice on topics away from trading, that I merely brushed off with confidence. Only soon to follow is the inevitable, painful lesson around the corner.

Snowboarding mentor *“conditions on sub par today, take it easy and get a feel for the course”*, sends it first run, blows out knee.

Riding mentor “*Don't ride in the rain on a motorcycle*”, rides motorcycle going 120 to make it to ACL surgery from 200 miles away only to crash horribly 4 miles from the hospital. Still made it to the hospital on time though.

Our goal is to be your tail lights to follow, to help improve your confidence. We are not always going to be right, however we are just trying to help you avoid the unnecessary crash that is lurking just around the next bend.

Swinging with Sharks Task

Share a story where working with a team was much more efficient than going at the task solo. What did you learn from that experience? (This does not have to be TE related)

The Doji Buy Back

(A way to Dollar Cost Average)

As a longer term investor, oftentimes we see a little blood in the water before our real winners pan out. Now is it great when we buy a stock and it just never looks back? Fuck yeah. QSR $50, OLED $60, AAPL $118, ONCE $66, AMZN $860, I could go on and on. However, those are the dimes, the ones that we wish we could have had one more night with. In the real world, it usually isn't so pretty, and the longer you’re in the name, the better odds that you are to be rewarded, statistically speaking (go look at any 10 names you traded last year and see where they are now, 7/10 are probably higher).

So when do you add to a position that you have been holding for a while?

There are a few ways:

- Average up when applicable (usually the best case)
- Buy into support (much harder so better pack your big boy pants)

But what’s another way that you can help improve your longer term holds? There is one strategy I use that I call *The Doji Buy Back*, which in short is after a name has had an extended down move. Usually 4-5+ down days or more, it will form a doji at lows. This is just like when we see a doji at highs, it tends to mean a reversal. Now I’m not in the business to try and catch lows, that's a sucker strategy. However, I will look to buy back **up** through those highs in a day or two after that low was put in, with a stop below that doji low. Now I'm not looking for a monster chop like buying the dead low and selling at the absolute top. I just want to get some good stock and take it for the relief bounce, 5,10,15, 20% and I'm out while holding the core and trading around the adds.

VZ: A prime example of this. VZ ticked the $43 level which was major support, and could barely budge the level. I bought back vs those lows, it started to turn, and then $6 later we were watching that $49 to break. It fell off a cliff (or as much as falling off a cliff for a name like VZ) and sold off for 9 days in a row with a doji at lows. I bought back through highs, 6 days later sold those adds for a nice 5% chop, then kicked the $43 buys for a $15% gain.

But why only a 5% or a 15% gain, why not hold for the monster moves you might be thinking? Well let's let David Rothstein, a legendary gambler and the man who fixed the 1919 World Series, answer that question. Rothstein use to say:

“Always look out for number one, if you don't, no one else will. I’m not looking to hit the lights out, half a point was fine with me because over time it could mean thousands.”

Rothstein knew about percentages and knew how to take advantage of them. Just like these adds, you're not looking for the grand slam buy, you’re looking for the 5%, 10%, 15% move that you can squeeze out while you’re being patient waiting for the name to turn around.

A few rules that I stand by when averaging into a position are as follows:
The first entry, keep your original stop for some. Say, for example, you are buying 100 shares, you keep a trailing stop for 75% of the position and you're willing to have virtually no stop for the other 25% or until a new pivot low is formed. The reason you want to keep some, even 1 share, is that you will watch the name, even if it's once a day, and you will get a feel for how it trades. If you are completely flat in a name, I don't know about you, but I have a hard time really paying close attention to it over a long period of time.

Another rule is to wait for the turn, much easier to pay up 1-2% with a defined out than trying to be a hero picking the bottom. Give the name time, space your buys out by at least a week or two, a 2 day pull in might not really be the best reason to “load up”. Be patient and wait for the opportunity. When all your peers dismiss a name, that tends to be right around the time to get in. We saw it in real time in SWKS after it formed a bear flag and broke down $5 :

Everyone thought it was going back to $80, held there for a day, bought back up through the highs, and sold $10 higher in a week. It still ended up going another $5 but that's just how it goes. By being able to dollar average into a name, that volatility of fear that we have when we buy too much stock at once gets mellowed out over time. As fucked up as it sounds, you can even look forward to pull ins. By Dollar Cost Averaging you are slowly dipping your feet into the hot tub, instead of diving in head first.

For most names I will wait for a 5-10% pull back before the first add, or at least a week or two with a tight stop on the adds so if that fails, I'm not getting stuck in the position. So if you have 10-20 positions on, there are bound to be a few turds in the punch bowl. You just have to make sure you can squeeze something out of them while you wait.

Swinging With Sharks Task

In the group chat share 3 charts that are currently forming Doji Buy Backs.

Somewhere on a Beach

Headline risk is something that has caused more losses than any other dumb money tactic invented. The market has the concentration of a goldfish, which is around 8 seconds. Being in the market over the last 13 years, I have seen quite a few scary headlines, a few notable ones:

Housing Crisis
Global Banking System Stopped Working
Stock Market Crash
Bailout Banks
Japan's Tsunami and Nuclear Disaster
The Great Recession (really a depression)
The Debt Ceiling Crisis
Greek Debt Crisis
Flash Crash
Quantitative easing
Ebola (virus)
Zika (virus)
Bird Flu (virus)
Swine Flu (virus)
Trade War
Fed Lowering Rates
Fed Raising Rates

The headline of the month is the Coronavirus, since the media has kept this blasting 24/7 scaring the world. From a trading standpoint we try to hammer in the *“turn off the TV”* mindset however when everyone is talking about it, most still get sucked in. The media is not designed to put out positive stories, especially related to the market. The media’s job is to scare you into watching so they can sell ads, and to keep you making irrational decisions.

Sure, the markets will move and shake on this topic and the next one, in time, we don’t care. Just ask yourself, how much time you spent on the Trade War, and right now you could absolutely care less. Think of all those stocks like the software names that have zero exposures to the Trade War, yet you had to sell them and raise cash. Worrying of a 20% drop that never came.

Even now, you might be trying to rush out of positions to jump into cash in subscription service companies like Netflix that have nothing to do with the virus. Instead of running and hiding with the rest of the market, it is much easier to just focus on the charts, forget about the why, everyone knows the why after, never before.

Let’s say I presented you with a swing trade that worked 92% of the time, if you held for 6 months would net you around 8%? Would you take that trade?

For most the answer would be yes, it would be a chip shot, hell I would take that shit all day long, and take my 16% annual average return to the bank. If that is the case, then why are most so scared of the headlines? Let’s see the trade setup below!

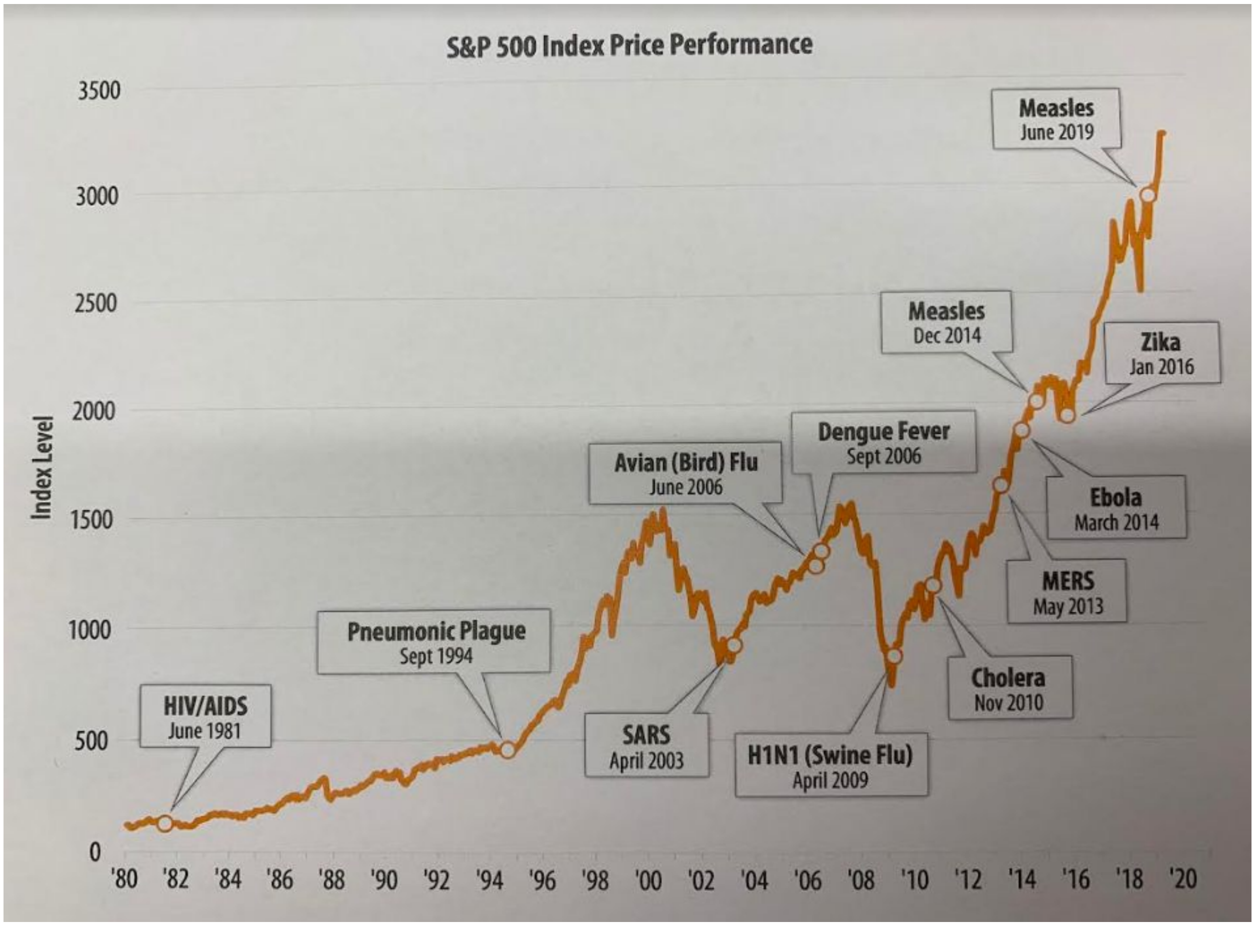
Let's look at some of the stats, not opinions about some of the major viruses over the last **40 years**.

Epidemic	Date	S&P 500 6-Month % Change	S&P 500 12-Month % Change
HIV/AIDS	June 1981	-6.6%	-16.5%
Pneumonic Plague	Sept 1994	8.2%	26.3%
SARS	April 2003	14.6%	20.8%
Avian (Bird) Flu	June 2006	11.7%	18.4%
Dengue Fever	Sept 2006	6.4%	14.3%
H1N1 (Swine Flu)	April 2009	18.7%	36.0%
Cholera	Nov 2010	13.9%	5.6%
MERS	May 2013	10.7%	18.0%
Ebola	March 2014	5.3%	10.4%
Measles	Dec 2014	0.2%	-0.7%
Zika	Jan 2016	12.0%	17.5%
Measles	June 2019	9.8%	N/A*
Average Price Return		**8.8%**	**13.6%**

Observations

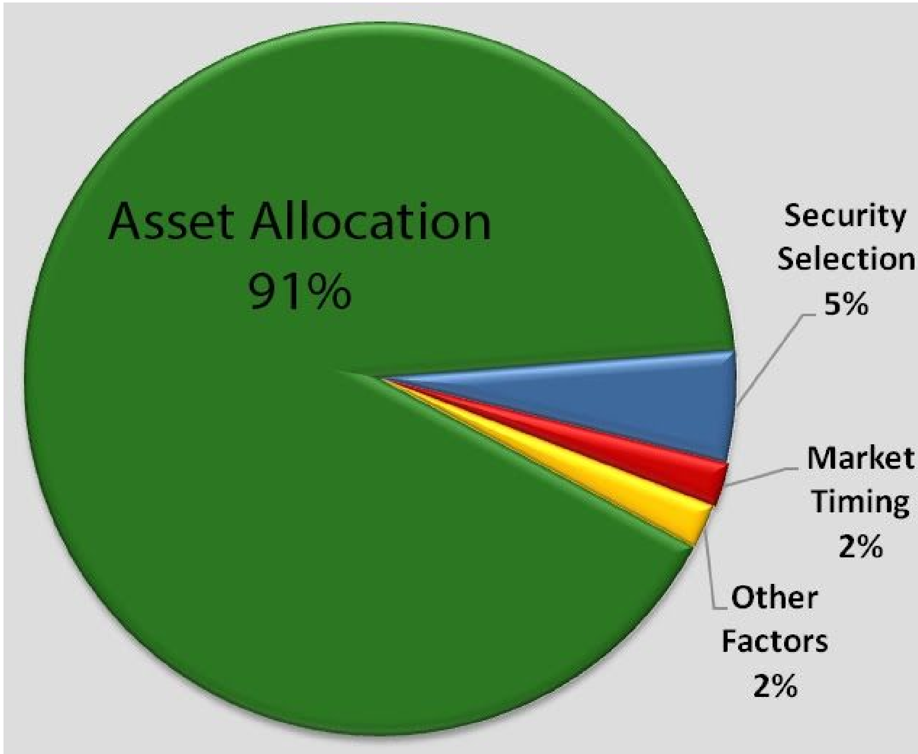
- **6-month** change of the S&P 500 Index following the start of the epidemic was positive in 11 of the 12 cases, with an average price return of 8.8%.
- **12-month** change of the S&P 500 Index following the start of the epidemic was positive in 9 of the 11 cases*, with an average price return of 13.6%.

The only epidemic that did worse was the AIDS epidemic going back to the 80s where quite frankly anyone reading this, was not actively in the market, or even alive for that matter. In every single other major epidemic, the market was higher 6 months and a year later. If you are not a numbers guy or gal, let's look at a chart below:



Other than how beautiful that 3rd times a charm through 1500 looks, in time, the market does not care about this kind of stuff. If you can start to realize this and take advantage of the short term deals that are presented and be willing to be lighter, wider and more patient, you will be able to find bargain basement deals on major names that we often wish we could have got when we are buying the all time high breakout.

Even when I think back through all of the other major headlines, seperate from the housing crisis which lasted 18 months, most lasted a month to 3 months tops. Similar to the goldfish mindset, as we continue to hear the same headline over and over, the market reacts less and less to it. Even on the upside, when the iPhone came out, the stock would “always” gap up on the announcement of the new phone, the first announcement the stock was up huge, and after each announcement the reactions were smaller and smaller, until they were non events and apple would even sell off on it, because it became old news.



Once this headline starts to get stale, the next one will pop up. Just remember they are all the same, world ending headlines and the market in time eventually does the opposite. **When it comes to overall portfolio performance, it's time in the market not timing the market.** Timing the market is one of the least important factors when it comes to being in the market long term. What is important is focusing on winners, holding them, limiting your risk, and staying in the market!

Swinging with Sharks Task

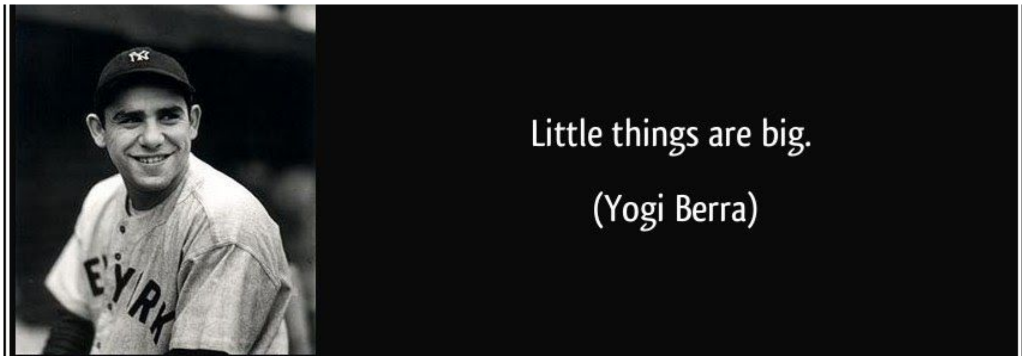
Q1. Think back to the last major headline or headlines that scared you, explain how you were feeling when you first heard it, what you thought was going to happen, and what actually happened? Be honest

Q2. When was the best time to buy broadly after you heard of said headline, a day later, week later, month later?

Q3. What stocks did you sell due to this headline, 6 months later where was the stock % wise from where you sold?

Post in the Group Chat so we can all learn and improve

A Million Little Things



Speaking with new traders on the regular, we often find ourselves sounding like a broken record. Recently, I told a new trader that we would help them "find their style" and they were puzzled.

"Find my style? Aren't you just teaching me yours?"

I was like… *good point!*

But it gets a bit deeper than that. There are a million ways to skin a cat and there are a million ways to approach the stock market. Ben and I have all the same **principles** while our trading styles couldn't be more different, just like our personalities.

Our principles revolve around keeping it simple, obeying price action, keying in on volume, following leaders, recognizing support and resistance, and risk/reward above all else. But we rarely ever find ourselves in the same trade. Why?

Ben is a big picture guy, sees things through to the end and easily takes a bird's eye view approach. It makes sense he is more comfortable taking a long term approach in his trades. He'll sacrifice size for longevity to stay in the trade for the big move. He knocks out 20% trades like Mike Tyson.

I am quite the opposite. I am insanely detail oriented. I was a quarterback & point guard all my life, so recognizing subtle changes in order to exploit inefficiencies that needs lighting quick decision making has always been par for the course. It makes sense my trading revolves more towards heavy positions and short term moves.

Above all else, we know exactly what our A+ setups look like.

New traders on the other hand, want to master everything under the Sun. They want to go long this, short that, straddle this with a covered call to hedge that. I was the same way when I started off, looking to take every trade possible, thinking I'd just be sharpening my skills.

What ensued was a year long "trading discovery" period of day trades with absolutely no long term view. Just pounding the keys day in and day out, taking every setup mentioned across the desk. It wouldn't be out of the ordinary to go long and short the same name in the same day multiples time.

Where did that get me exactly?

It taught me exactly how I DON'T want to trade.

It made me hungry to become picky in my setup selection. It made me focus on a **million little things.**

For me, these million little things could include the slope of the flag for example. (Slightly descending bull flags are best --- but not *too* descending. An eye test that only can come from looking at thousands of charts every week) Maybe it wasn't just an inside day but a dragonfly doji for the inside day. The shape of inside days candles are quite important to me. If you have been in the chat for a while, you will recognize I have no interest in trading bank names, I don't like the way they move. I would rather wait for setups in the tech, Chinese or biotech names. This isn't to say I won't trade these names, I just know exactly where my strengths lie.

I believe moving averages cause me to pick and avoid the best trades. A centimeter difference in the location of, say, the 50 day Simple Moving Average on a chart could have me either avoid it like the plague or buy 10,000 shares. If we ever get the opportunity to go through charts together I will show you exactly what I mean. Not one thing is ever done out of randomness.

You'll read later on in "*Plan of Attack*," Ben finding it funny that people go nuts for a bull flag at $100 but won't consider it at $80 after it fails. I read that and was like SAY MY NAME MOTHA FUCKA! That is me to a T (and proud of it because my trade selection used to be an absolute disaster). But those are included in the million little things that have me successful in my trading style. It's taken us years and years to fine tune our process --- and it's an ever changing process as you learn new lessons every single day.

Steel sharpens steel as we both aim to progress every day. I work on holding my winners a bit longer while Ben looks at improving those 2-3 day swing trades that are simply cash-flow, account-builder trades. It's important to recognize your own personal traits in developing your style that best suits you. From there we aim to take out the bad and add the good in our mission to become machine-like traders.

Swinging with Sharks Task

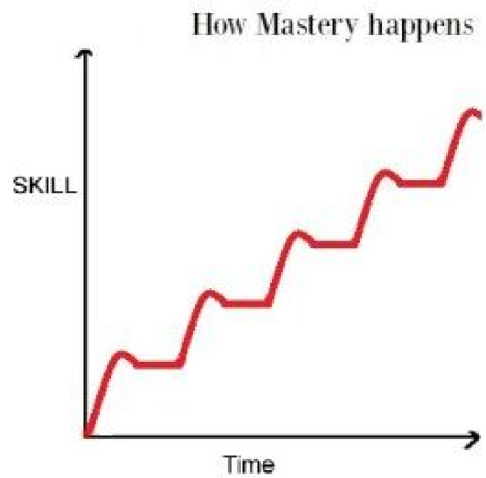
Share what your ideal A+ set up is down to the motherfucking T. Than share a recent lesson you learned from a recent great trade and a recent shit trade.

Mastery

Life is not designed to hand you success, rather it presents you with challenges that help you grow. Mastery is the process by which those challenges can become easier and more satisfying through continued practice. Think of your first time that we forced you to make a game plan. You may have thought, "*Fuck, why am I paying these guys to force me to do my own homework?"* A half dozen programs later (hopefully) you enjoy the process of game planning, hence why your first lesson was titled *Wax On, Wax Off*.

The key to that satisfaction is to reach a level of nirvana where the love of practice for its own sake replaces the original goal (which was probably to increase your brokerage account 10X in 30 days). Think of the progression you have made since those early days. You might not have been an avid reader, you probably didn't enjoy looking at hundreds of charts, and you might not have enjoyed failed trades or saving money consistently. Now you are probably reading more than you have ever before (90% of adults read less than 1 book a year), you probably enjoy looking at charts and finding the next meatball trade and enjoy the process of improving as a trader as well as funding your account weekly. Regardless if it's trading or learning how do whatever you are passionate about, their tends to be 5 steps to efficiently speed up the process.

Strive to enjoy the process, not the destination



Step 1: Choose a worthy challenge.

Step 2: Seek help from people with more experience to help you establish the right path and priorities.

Step 3: Practice consistently, striving to hone key skills and to progress incrementally towards new levels of competence.

Step 4: Embracing the plateau of your learning or even your account size. All progress has periods of brief pauses before the next thrilling leap forward. It may seem at times when you peaked or cannot get out of this imaginary rut however dawn is right around the corner. Learning continues if your follow smart principles.

Step 5: Mastery is a journey, not a destination, true masters never believe they have attained mastery. They are forever students to their craft, and they are always willing to learn and further enhance their tool belt.

Embrace the challenge of the moment

In the beginning you might have had extrinsic goals such as buying that Audemar Piguet Royal Oak Offshore or that Ferrari 599 (talking to myself here). The more you focus on intrinsic goals such as self improvement, becoming a better leader, or a mentor that can help others the faster one tends to improve over the long term.

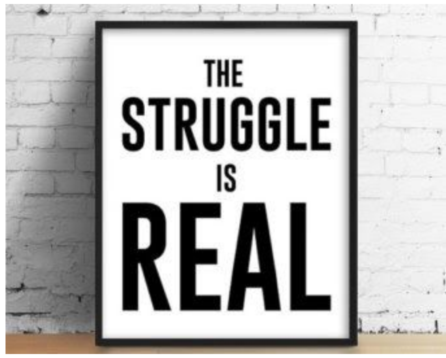
Keep your eyes focused on the process over the results

Now we are not monks or buddhist, we need a little yin to our yang. A couple extrinsic goals here and there keeps us on the road to our destination that is long off into the sunset. Even for myself, striving to earn the ability to buy my Aston Martin was much more fun than actually buying it. Currently the process of earning the right to buy a Ferrari has been more fun than what the actual destination of that little red key that will cost $30,000 a year in maintenance ultimately will be. The intrinsic goals to work on becoming a better trader, a better communicator, and someone who can focus more on providing value to others and less on what we can get in return has been much more worthwhile than the toys that come with consistent hard work.

Swinging with Sharks Task

If you would like to discuss, mention 2 of your extrinsic goals and 2 of your intrinsic goals and dates of when you would like to reach them by.

The Struggle



Has the market been easy lately, in a comparative sense versus 2017? For most the answer is more than likely ***'No.'*** You may have experienced a lot of "firsts" as a trader. First correction. First time where stocks actually did things other than go up. Maybe your first time encountering a comma day in the other direction. You might have been pissed at yourself, or the market, or maybe even us for not being able to better protect you from the wrath of Mr Market.

If that's the case, quit your bitching, this is finance. This is the stock market. This is not the safe space in the college quad where you can talk about your feelings. Trading is a difficult profession, one where it's kill or be killed. Now, during these times it's usually when the herd thins out, and this is where the true professionals shine. Their tone does not change, it's business as usual. You have to look at every failed trade as an experience, and spend some time in those failures.

Embrace that shitty feeling!

Don't fester in it for weeks or months. Review it, journal it, then step away from the computer, hit the gym, get outside or do something that can naturally raise your dopamine levels.

If you truly review why the trade failed while looking at it objectively, it tends to come down to a hand full of reasons.

- Too heavy
- No plan

- Didn’t get out when I should have

That's really it, there's not these 1,000 different reasons, it's usually just one of a few.

Now in the moment the struggle fucking sucks. Trust me, there is nothing fun about losing money or having every trade fail in front of your face. However you need to embrace this part of the journey. Because when you reach your destination, you will proudly look back on your struggles that led to your accomplishments.

Even for myself, looking back I am glad I lost all that money in that dumb fucking 3X leverage short trade. I am glad I had to wake up at 4am for multiple years in a row when my peers got to sleep in 4 hours later and stroll into the office. I am glad I had to listen to thousands of people to tell me no or fuck off when I brought up joining Trading Experts (thank you btw for not being one of those people). Those were lessons that regardless of the capital or psychological loss, taught me lessons that one could never truly learn, even from reading this or 100 other books out there. You have to learn from your own shitty and difficult experiences because that’s what makes you who you are.

Storms make us stronger

Recently I was at a party hosted by a good friend of mine who went to M.I.T. (aka one of the smartest fucking schools in the country). Everyone at this party boasted perfect SAT scores, 4.0 GPAs, and were crowned academic geniuses. Now I had been going to these parties for years, yet not one of them were making any real money, shit not even *“I got the keg money.”* I say this because when I use to attend this annual party as the only non MIT student.

I thought they were all going to be millionaires and billionaires in a few short years. However as the college years went by and then into post grad life, they were just regular broke smart kids. Where it went from me asking the questions, to them asking the questions. A few of them are actually working for us helping us create a TE app. Years ago, I anticipated to be fetching these guys their coffees, they are now helping me solve the problems that I am not smart enough to figure out.

This is why you want to embrace the struggle, if it upsets you simply ask yourself, “why?” and when you figure out why, stop doing it. If the reason is you got too heavy right off the bat, don't, scale in even if that means paying up. If your selling too quickly, don't, buy less stock so you can hold through the pull ins and make the bigger % chop even if dollar wise it isn't the same as being the big dog with a ton of size who misses the move.

You might be thinking that in time trading gets easier, and it's not the account size that makes it easier, it's those struggles that made it easier. We trade the same patterns, we see the same things happen over and over again in different stocks. The struggle teaches you to see those prior fucks ups as costly opportunities to avoid in the future. The struggle teaches you how to re-execute the next time that stock is at that level for the 12th time in 10 years and you got chewed up the last 2 times however you know as much as you hate it, you need to be in.

It's never fun in the moment, however a good kick in the teeth is a great lesson.

Embrace it.

Swinging with Sharks Task

Discuss a struggle that you are going through in your trading or anything for that matter. Maybe another member has gone through a similar situation and can help.

Shakeout Buy

We have been blessed to be in a roaring bull market the past few years. With how the action has been going so far this year, we wanted to introduce a different style approach in case we experience an even more difficult market going forward. Always need to have that tool belt prepared.

If breakout buying is for when the bull market is roaring, support buys are for the more choppy times. What happens when the chop is so dramatic that charts won't even set up support buys? This is when we look for "Shakeout Buys."

Before I introduce the method I must explain that you absolutely have to utilize Layers of Probability in these trades because all shakeout buys were certainly not created equal. These are low risk, low probability, high upside trades. Since they're generally "Lower probability trades" it's of the utmost importance you only go after the best Shakeout Buy Scenarios. Further, you need to make at least 5:1 in these trades because of the lower probability and how tight the risk is.

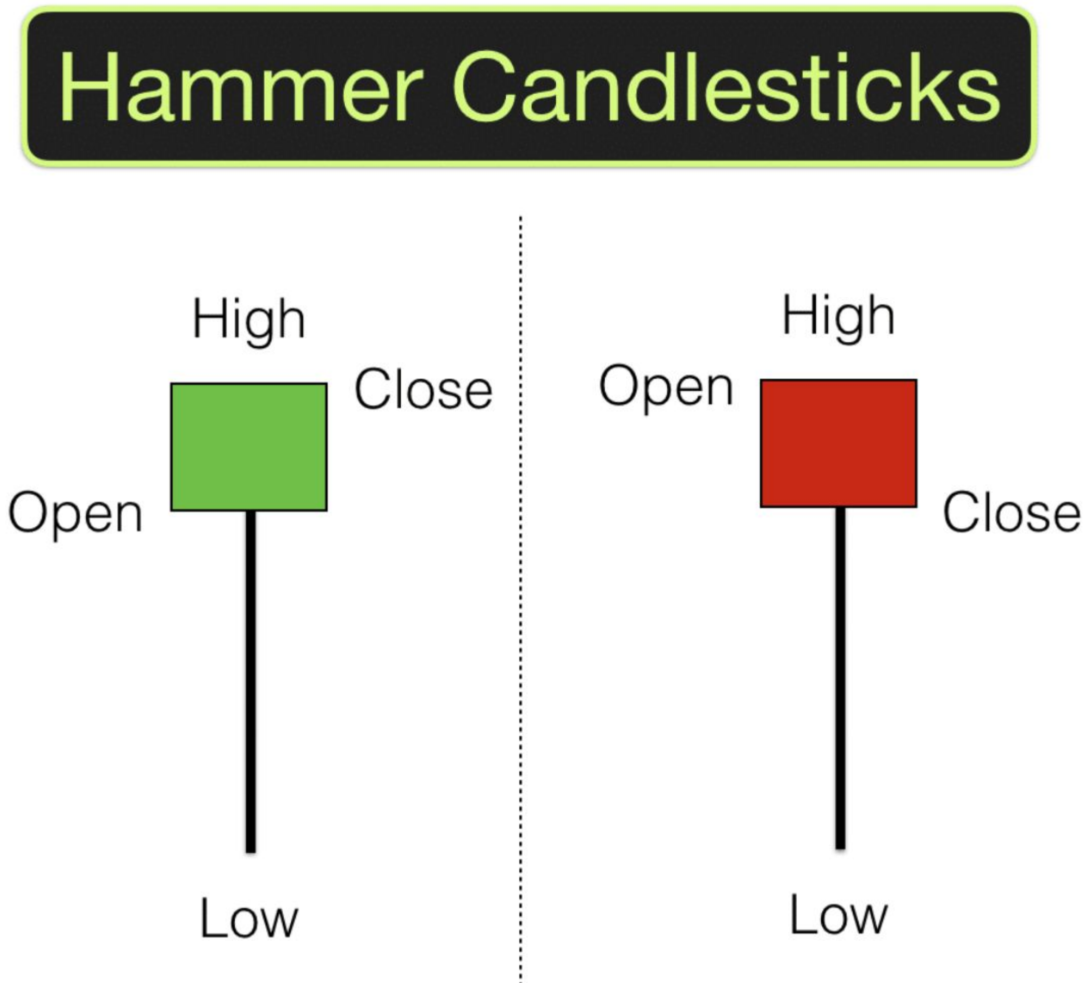
We have all been victims to the shakeouts, it's time to reverse our thinking to take advantage of these scenarios.

1. To execute this trade you want to find strong stocks trading near a support level

2. Set alerts near this support level so you can watch it take out the low on the way down

3. You want to watch the stock take out the previous support low, flush the level downward, only to see a surge of volume push the stock back above the level on the 15 minute intraday chart (You can also use 30 minutes or hourly charts but 15 minute generally best)

4. The buy is executed after seeing the stock rip sharply back above the level. The candle should be a "HAMMER CANDLE"



5. You want the candle to be confirmed so it's generally best to wait until the end of the 15 minute candle closes to buy, but these trades are not perfect.

6. Your stop is placed below the new low of day

These trades are much more complex than your simple/generic "Buying a bull flag trigger" because there are so many subjective aspects to the trade.

You want to think logically about this trade - where are people's stops most likely to be placed? We see it all the time when we're on the other end of the trade. We usually are buying through resistance, don't have the best price, and are forced to forfeit our position once the nearest support level is breached. How often do we see a stock rip back higher right after that stock shakes the tree?

For this reason I find it best to rule out the ones that are more likely to fail and simply just continue to trend lower.

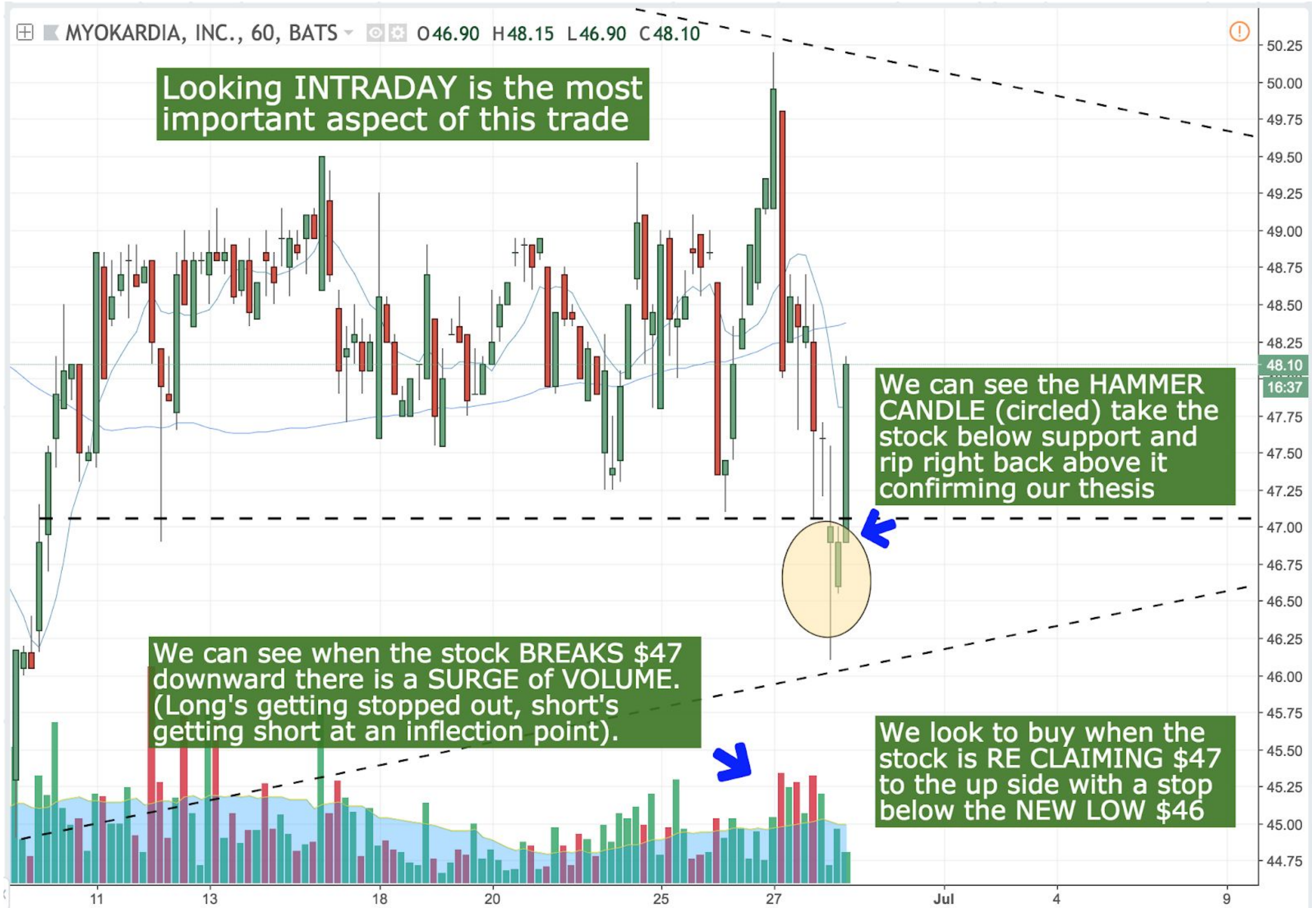
We can look to this recent pain trade we've all had in MYOK to gain some further insight

1. Stocks in Uptrend
2. Diagonal uptrend support levels improve probability (since the support area is much more subjective)

3. You want to place alerts around obvious stop placement for these stocks

In these trades we LOVE inflection points, which can be proven with converging trendlines. We can assume we will get added upward momentum once shorts can see it is a failed breakdown.

Finally, the most important aspect of the trade is watching intraday. The action needs to be confirmed before placing the trade.



This is a very in depth trade that takes many different aspects to look for before placing an order. You want to break these down top down to find the ones to set alerts for at support.

Some layers of probability you want to look for in this type of setup are:

1. Stocks in an uptrend trading near support.
2. Using moving averages as support
3. Diagonal uptrend support
4. Converging Trendlines

And remember the keys to the trade are:

1. Setting alerts on the way down at major daily/weekly/monthly support levels because you want to watch the stock take out support.

2. Seeing the reversal is the key to the trade

3. A surge of volume taking out the support level to the downside

4. Another surge of volume when the level is reclaimed

5. 15 minute reversal bar confirming the thesis (shakeout). 15 minute chart is the smallest time frame I will look at upon executing this trade. 30 minute and hourly bars also work. Nothing less than 15 minute charts though.

SCALING OUT OF THESE TRADES

When buying breakouts, it is common to have your first kicks be at 2:1 or 3:1 risk/reward because you want to get some off into the first day pop to begin to pay for the trade. We see many failed breakouts so this makes sense. Since Shakeout Buys have a lower probability, we want to hold on for the bigger kicks. Your winners need to be big winners. If you can wait to start selling for a complete 5:1 risk/reward, then that is great. If 5:1 is $51 and there is a monster seller $50.25, don't be afraid to take some off, just in a general sense you want to hold onto your position a bit longer in these trades.

Since the ones that work will become monster winners, you must get stopped out of your last piece. You don't want to panic sell these winners because the ones that work, you have the best price from a swing perspective.

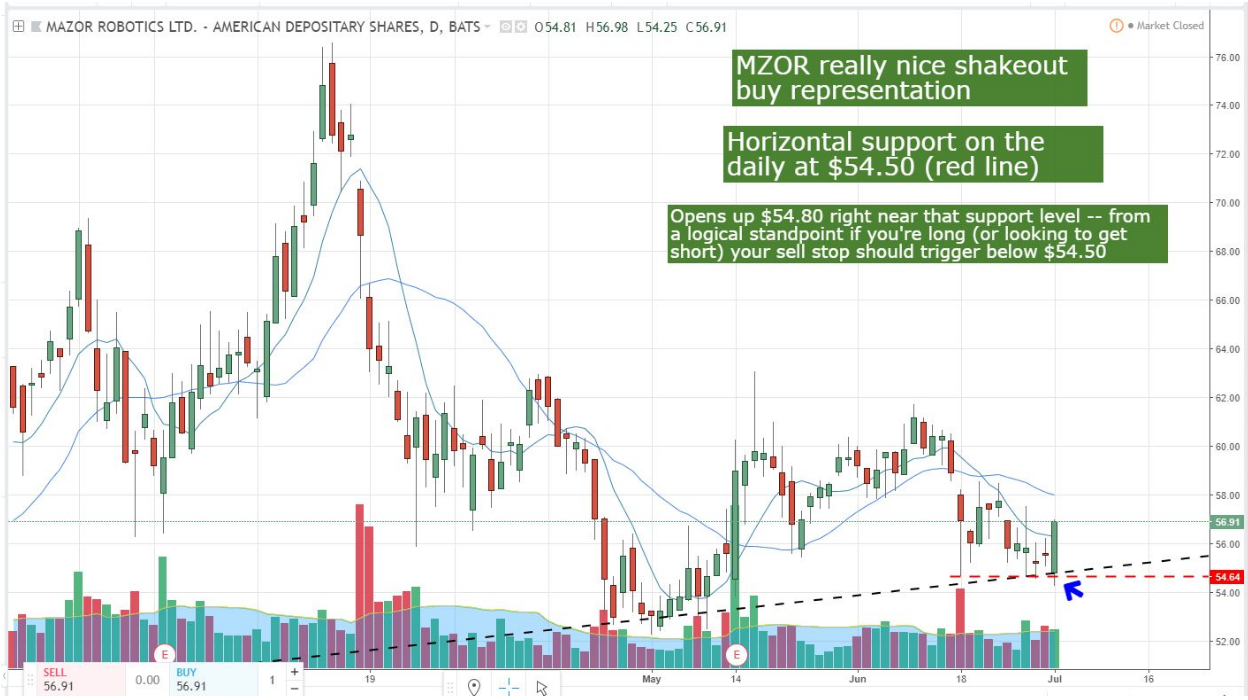

MAZOR ROBOTICS LTD. - AMERICAN DEPOSITARY SHARES, D, BATS O54.81 H56.98 L54.25 C56.91
Market Closed
MZOR really nice shakeout buy representation
Horizontal support on the daily at $54.50 (red line)
Opens up $54.80 right near that support level -- from a logical standpoint if you're long (or looking to get short) your sell stop should trigger below $54.50
SELL 56.91
BUY 56.91
56.91
54.64
19
May
14
Jun
18
Jul
16


Chart: MZOR, 15
MZOR, MAZOR ROBOTICS LTD, 15, 09:30-16:00 (Dynamic)
The first 15 minutes flushes the obvious stop location ($54.50) with high volume. If you're long coming in, you're likely getting stopped out. If you're looking to get short, you're likely going to hit $54.50 as a trigger.
The key to the trade is being able to watch intra day.
You want to see a surge f volume take out the support level downward (stops getting hit) and you want to see similar subsequent volume dramatically ripping the stop back above the level.
You want to buy the reclaiming of the level ($54.50-55) and put your stop below the new low. Since it's $54.25 we'd put it below $54
**The subjective aspect of this trade revolves around things like how wide the reversal bar is. If its $5 wide in a $50 name I will avoid the trade. Since it's 50 cents to $1, the trade makes sense from looking to attain 5:1 risk/reward standpoint
Volume - MZOR, 15
18
21
25
26
Jul

(MZOR Daily Chart a few days later below)

This is a mighty powerful tool for the tool belt that can have you looking at entries in a whole new manner.

Swinging with Sharks Task

Post 3 daily charts and circle the shakeout buy.

Oncology

At this point in my life, I had seen the writing on the wall, being a prop trader was a dead end business that was dying a slow death. However, my inability to throw in the towel, similar to holding onto the limo business longer than one needed, was harder to admit. That was until I had a major wake up call that I simply could not ignore. When I was having a discussion with my father, he had mentioned how he was running around the 8th floor of Hackensack hospital earlier that day.

The 8th floor was the Oncology Unit, meaning that my father's cancer pills were failing out again and his leukemia was rearing its ugly self. This was the sign to stop pissing away 100+ hours a week going into the city and something I still never regret to this day.

Now in the year that followed leaving the city as a prop trader was followed by spending every single day on the 8th floor of the oncology unit with my father, something that frankly not even my closest friends even knew at the time (other than Shake). Even writing this now is by no means a walk in the park. However during those dark times, as my partner Shake was going through an even more painful period in his life, Trading Experts caught its first major breakthrough, and that we will get to later.

When speaking with new traders, or even people that are trying to start their first business, the level of effort put in vs excuses, tends to be far more weighted towards the latter and a very common theme is that of “family”. Just like in this situation, family was an issue for my partner and I, just as it is with you and virtually everyone else walking this planet. Life happens, family happens and it is not always pretty, more often it is usually very painful and shitty. You can sit there and count all your unlucky blessings or focus on what matters most.

During my time on that 8th-floor of the oncology unit, I had two goals, spend as much time with my father as possible and turn Trading Experts into a business. Between games of backgammon and reruns of SVU on the 12-inch hospital TV from the 70's, I was cranking away on our 3 Instagram accounts trying to drum up business. Day in, day out during these stressful summer months and into the winter I just continued to strike out and strike out.

Each and every day just hearing,

"No."
"No."
"No."
"Trading Experts who?"
"What? No I'm good, piss off."

All day long between this and watching the chemo run its course on my father (who was somehow always smiling) was taking its toll on me. There were brief moments of weakness, yet looking over at my father and seeing him smile during these terrible times, I realized that I was being a pussy and told myself to shut the fuck up and get back to work.

(TE’s office for its first year)

Early on, when starting a business, we tend to feel that every idea is a business and that they all need to be pursued. You know when you see that guy with his IG bio looking like a LinkedIn resume where he is the CEO of 9 companies yet there's only one employee -- himself. No clients or customers for as far as the eye can see. That mindset has sunken more successful business ideas than the number of lotto tickets crumpled up on the sidewalks after the latest mega million drawing.

However, we are wired this way as it is a human tendency to pursue one thing while simultaneously expecting to achieve a completely unrelated goal.

I had confidence in our idea and a belief that we were on the right path, minus the fact that the path was taking my partner and me through hell and back as our fathers battled with cancer. During these times people often want recognition from their peers, their spouses and most importantly their families. However none of those people, even your family are really going to care or believe in your 9,000th business idea if you haven't put any points on the board yet.

As hard as it is, you really need to just shut up and let the business do the talking, and it will take years for that to happen. During these times you need confidence in yourself and the belief that you are on the right path, do not waver and stray from the path to join the rest of your peers on the road often traveled (and usually regretted).

Now people often get confused about what a business is, it's a very crazy, complicated formula. That was a joke, it's really fucking simple. A business survives when you can make other people (and yourself) money, you must serve your customers and provide value. For our line of business, it was simple, we needed to make you money, or why would you even be reading this? So we did just that. Fuck all the cute, perfect photos, we just got down to business and on April 12th, 2016, we had our first major breakthrough.

Over that year, our mission of turning this idea into a business was going nowhere. The first major breakthrough occurred on that 8th floor of the oncology unit, where over the next three days our first 12 members joined our ranks, 'The first 12', as we refer to them. Now the wild part is fast forward 2+ years later and half of them are still with us (Nathan, Moe, Linneth, Zach, Freddy, and Kriss). Shit, we have even vacationed with half of the people mentioned above in Rincon and Exuma.

After a year of wondering what the fuck we were doing, all the while going through the worst times of our lives, we caught the confidence that we knew was required, and by no means was it a cake walk. For myself, I was able to achieve my goals and was extremely blessed that at the 11th hour, I was able to successfully donate my bone marrow to my father to help kill out the cancer in his blood. A common joke of his now, is that he has the immune system of a 25-year-old again and is ready to ride!

In the end, you have to ask yourself what influence you want to side with, what everyone thinks or what you know your real mission is? The easy choice is, you tried, the hard one is you did it, and it's the latter that tends to have a lasting impact and relevance in your life and hopefully on others too.

House Money

A study was done on the top money managers in the country to assess how often they were correct in their decision-making. The results showed that on average, the “Elite of the Elite” were right just 49% of the time. Even they were professionally wrong, just like you and I - although this tends to be something that is only whispered about, not boasted about at the bar.

Another surprising statistic uncovered from this study -- Let’s see if you can guess the result. What percentage of the time were these Wizards of Wall Street able to win FIVE trades in a row? 10%, 20%, 30% of the time?

Not even close. These market wizards pulled this hat trick-esque maneuver just 2% of the time. The point in this anecdote?

When you are itching to sell out and a take small profit because another stock across the street is winking at you, begging you to take her for a ride, it is usually in your best interest to avoid this temptation and stick with your winning trade.

There is a term called ***House Money***, which states that once a person has sold a winner, their behavior tends to turn from risk avoiding (taking profits) to risk-seeking, trying to find the next trade. The investor wants to put their newly inflated cash balance to work in the next idea as if they have nothing to lose.

Most new and novice traders pray for the day they can avoid PDT, or trade with margin to avoid T+2 settlement. However, these are not crutches or handicaps, they are actually golden braces to save you from yourself. Trading takes time, research, and preparation, I can probably count on both hands how many times I've rushed to sell a monster winner to buy the next stock when the smarter play was simply holding the winner.

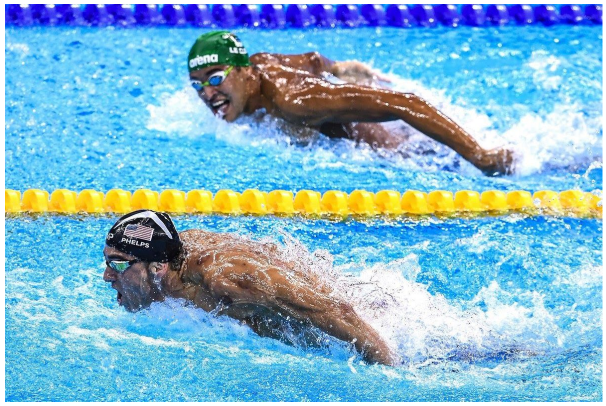
Now you might be wondering when the fuck should I sell then? **Real winners need time**. When you feel the urge to lock it in, simply lighten the load and ride the rest out. In the study that we went over above, they found that only around 1% of these money managers had returns greater than 100% and the major reason for this was due to the fact that only 2% of profits were realized after a holding for a period of 3 years or more. Even the best in the world are just as impatient as you or me. The goal, however, is to build on your patience the same way you build up your reps maxing out at the gym.

As information is distributed faster and faster and home gamers and even money managers with billions in AUM are getting more impatient, to have the edge you need to look way down the path. This will take time, but time is all we got.

Swinging with Sharks Task

Post the charts of 2 of the best performing names you can think of and find a flag where you could have gotten in and see how many months it took the stock to double from that entry point.

Winners Win, Losers Lose



I don't have to sit here and tell you that momentum investing is a winning strategy, as stock leadership does seem to persist long enough to exploit. Shit, Amazon went on a 75% run after everyone believed that $1,000 was the top (admittedly, we thought this too). Give a stock long enough time to exploit and a great fool will almost always buy it (until they are no more fools left). Bitcoin went from $1,000 to $19,000 over the space of just a year, just goes to show you how many fools are really out there.

There was a study done by Sheridan Titman who found that stocks that had either relatively high or low returns over a 3 to 12 month period continued that trend for another 3 to 12 months.

Winners stayed winners until they didn't, and losers continued to lose until they didn't.

On the winning side, it's pretty easy for a few reasons; one reason being that those smart analysts who underestimate their earnings, tend to continue to underestimate their earnings to avoid being the black sheep. You also have the bandwagon effect, and even though we don't trade Bitcoin, it is such a great example. For most of 2017, and even up until the end of the year, all anyone could talk about was Bitcoin. Why? Because it was going up every single day. What has happened since then in just a short six months? It dropped 75%, and guess what, it's gone as quiet as a fucking church mouse.

Remember everyone loves a stock on the way up and curses it on the way down.

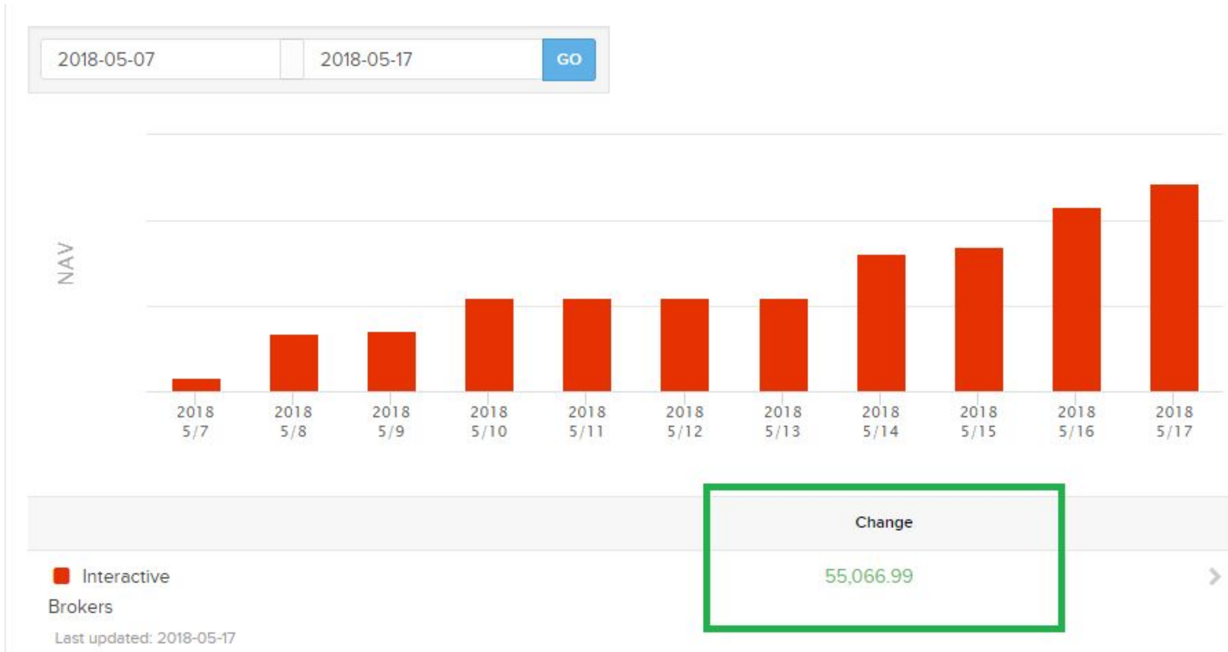
As in shitcoin’s case, winners may not win forever and after parabolic free falls like those that Bitcoin has had, there hasn't been an investment in the history of the world that was able to make up that loss in under a decade. No one on this planet predicted Bitcoin would get anywhere near $19,000 until it was already at $10,000.

This is true for us too, you can never predict a big winner when you first invest, you just have to be willing to go along for the ride. You ask any professional trader and most will confirm that only a handful of their ideas make their year, however, if they did not trade the other 500 ‘ehh’ trades, they would have never stumbled into those monster winners. The elite are like the Babe Ruth's, they will swing and miss all day long and do it for cheap, yet when that bat connects to that ball, it's fucking outta here. They’ll let the rookies steal second, they’re swinging for the grand slams.

Swinging with Sharks Task

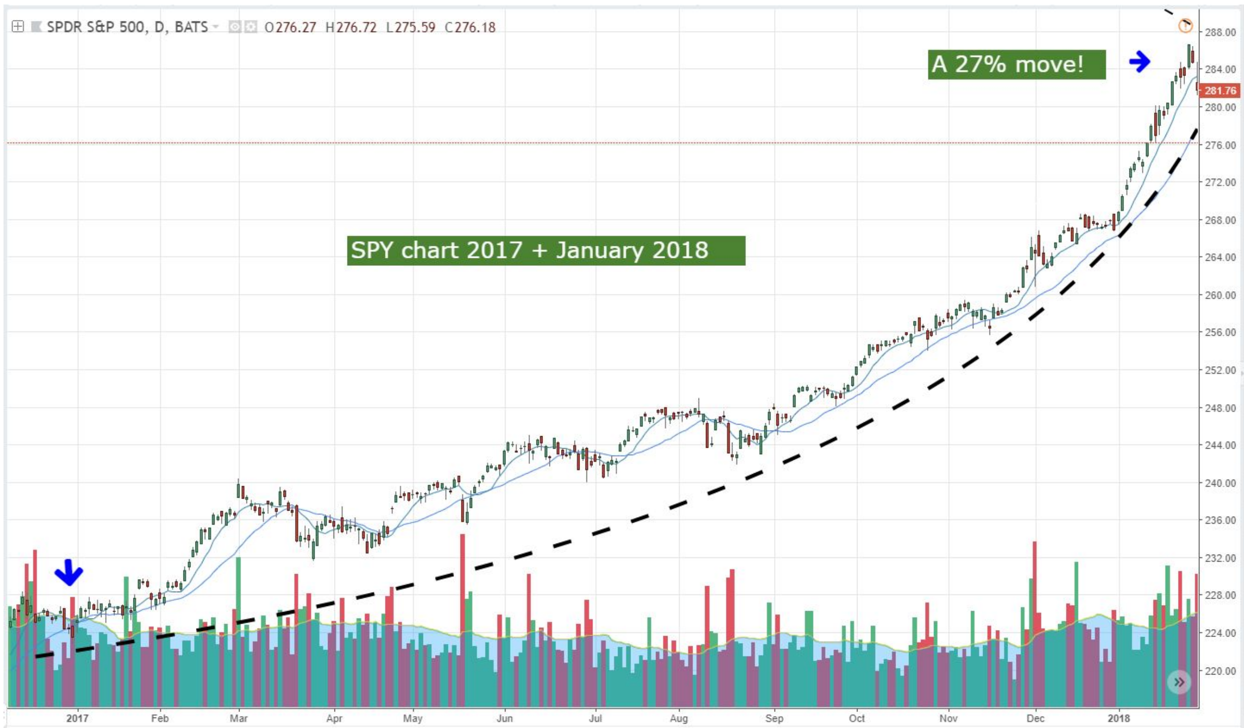
Share a lesson you learned from your best swing to date and what you can do next time you find yourself in a winning position.

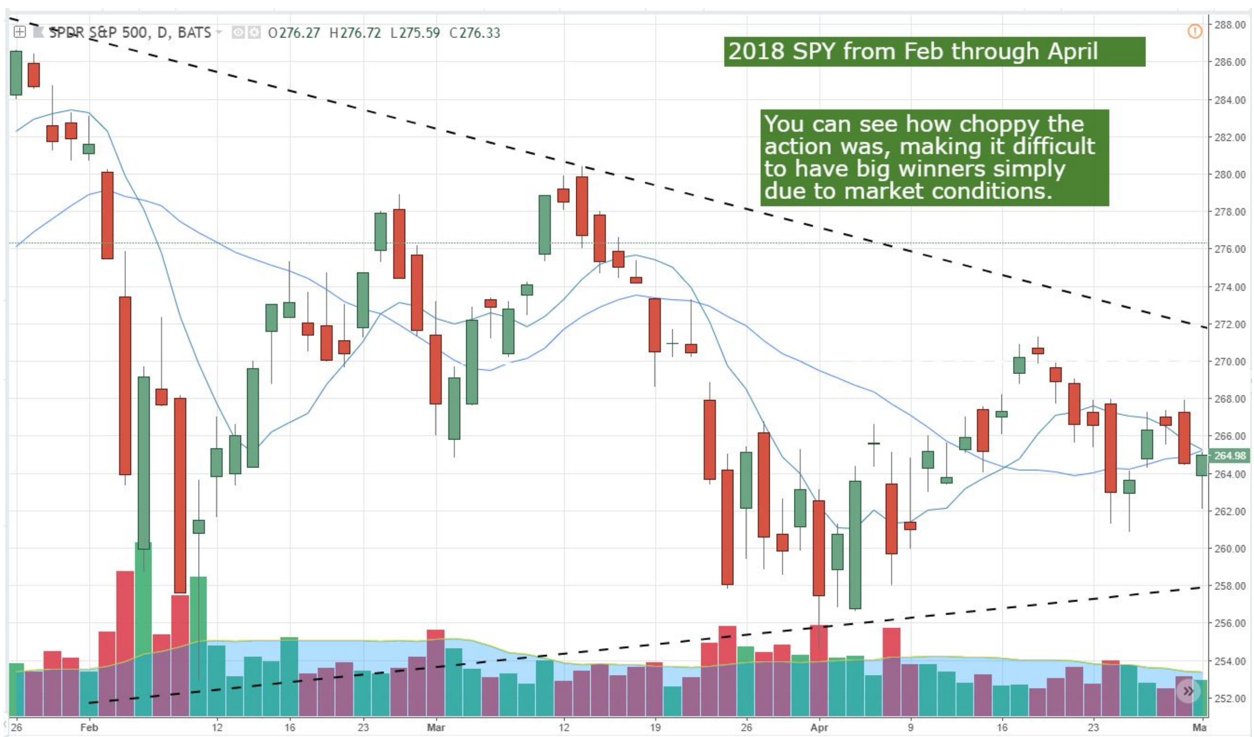
$60k Run



Ok ok, it was only 55k. Doesn't 60 sound so much better? Don't worry the next few days got me over the hump but I wasn't pumping out back to back to back 10k days like the 8 day run. Now, of course these numbers are relative and that's not what the story is about, had to pull you in with a catchy title though! Gotcha bitch!

2017 was one of the easier years I've seen from a swing trading perspective with the S&P up over 18% in those twelve months. Those times are called a "Dart Board Market." It's like throwing a dart at a stock board --- buy it, hold it, you're bound to make some money. January 2018 we picked up right where 2017 left off with a crazy market run, then the song and dance finally came to a screeching halt with February, March & April being some very difficult trading conditions. (Charts below)





Ben & I are constantly talking to members privately. The conversations quickly went from “Which Hublot should I buy?” to “I don’t know if I’m cut out for this,” “I need a break from trading," "My mental capital is shot,” and so on. We’ve been in your shoes from both angles so we know exactly where you're coming from -- this shit ain't easy. One of the big bosses used to say, "Can't buy a new car every green day 'cause you'll be selling it every red day."

I digress -- with no real direction in the market, and wild morning gaps in both directions, it's TOUGH to have conviction in your ideas because the market was seemingly dragging everything. I didn't really "go after" many trades during those three months because I simply lacked conviction.

Even though I wasn't trading my ass off from an execution standpoint -- that didn't change a THING about my process. I was still hammering through 1000 charts every night and 3000+ on the weekends. If you don't keep up with the charts, how do you know when it's time to UNLOAD capital or time to reel it in a bit?

And charts had been looking like shit.

You can tell how beat up we were by the Shakedown write up prior to the run below.

CHOP SUEY

...Not just a Chinese meat stewed dish, but also this market. No surprise when I tell you we experienced another choppy week as the overall market is coiling tighter and tighter. It will have to resolve one way soon. The current range in the SPY begins with $260 which is some big time support with that last daily pivot coupled with the ever-important long term moving average the 200sma. The top end of the range is the $270-271 area where the current downtrend meets the moving averages overhead. We are dead in the middle closing at $266 this week. Earnings so far this quarter have been overwhelmingly positive with something like 75% of companies beating estimates.

We were getting chopped up where stocks would have great day 1 breakouts and give everything back the following day, consistently. You can tell by my tone I wasn't very excited about the market action.

We had been watching a technical pattern develop in the market --- we were watching to see if we would break a huge support level or simply create a bottom for the next move up. Then, we had the Friday where I *KNEW* we were going to move higher out of the pattern.

Then, I went through charts that weekend, the same way I always do every week. Look how my tone changes in the Shakedown from the following week -- after that *Friday action* happens.

Signs of Life

BIG time reversal in the market Thursday/Friday. Friday's open to close buying looked a lot like short covering so if we break out of this pattern upwards, I'd expect a solid move higher out of the market. If you have been sitting in cash, this week may be the week to deploy some capital. A scan of the market showed me something I haven't seen since January --- a plethora of setups. When you see one or two charts setting up, that's always good, but I don't have any real confidence in the market until I start to see names across the board setting up.

You can see in the SPY chart below we are approaching a major inflection point -- and Mr. Market will have to decide very soon whether its street meat or lobster tails for lunch. With chart's setting up it leads me to believe the latter, but with the whipsaw action we've been seeing, can't over anticipate.

That newsletter had 30 different long setups, compared to the week prior which had just 12. **I KNEW IT WAS TIME TO DEPLOY CAPITAL.**

If you could have seen me that Sunday night, I was going fucking nuts. You can ask my girl, you can ask my dog, you can probably ask my neighbors -- I was screaming at the top of my lungs this week was the week we were coming back. I was ECSTATIC. I'm not exaggerating in the slightest, I had to go on a 5 mile run at 9pm to calm myself down.

Then Monday comes, +10k. Tuesday +4k. Wednesday +8k. Thursday +9k, Friday flat (maxin' & relaxin' - taking some profit 😎). And another +24k the following Monday to Wednesday.

The point of this story isn't to brag about putting up a little P&L in a short span of time -- anyone can do that. It's to prove that you have to **stay on top of your process** and you will learn so much just from being accountable to yourself. You will learn when charts are looking good and charts are looking like shit. You will learn when it's time to reel in the risk, and when it's time to ramp it up.

I hadn't put myself in any situations to make or lose such big money before I got some conviction after *that Friday*. I can tell you much more about what I think of the market from looking at 1000 different individual stock versus just looking at a couple indices. Being prepared, having in depth game plans, and conviction in the market allowed me to quickly deploy risk across the board.

"There is a time for all things, but I didn't know it. And that is precisely what beats so many men on Wall Street who are very far from being in the main sucker class. There is the plain fool, who does the wrong thing at all times everywhere, but there is the Wall Street fool, who thinks he must trade all the time. No man can always have adequate reasons for buying and selling stocks daily - or sufficient knowledge to make his play an intelligent play."

Jesse Livermore

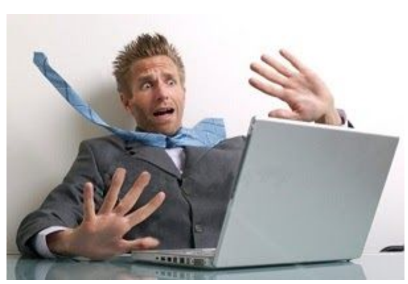
So remember, it all starts with your process.

Plan of Attack

When the market was grinding higher and all you had to do was buy breakouts and sit back and count cheddar (complaining might I add) at the easy market. Now when the tide shifts after most had their fun is when the real traders come out to play. Think back during the slow grind, where you might have had 10 green swings on at a time, isn't it fun to reminisce? Don't shy away from the hard times, tackle them head on, move toward the path less traveled. Most traders run at the first sign of trouble, the storm gives us a chance to define ourselves. We are not saying to row out there in an inflatable raft with no plan, that would be stupid. Plan, watch, scan and wait for the tides to change for the better, who will be first to exploit the change, you watching or the other guy hiding?

Now that the tide has shifted from slow grind to rocky waters and the rug plugs have gotten more volatile you might be spending some time like the fellow below.

Wondering, “What the fuck is going on in the market?” Which is fine, everyone’s first correction tends to be a bumpy one, my first correction was back in 2008. You have heard the story before, I cockily started trading in 2007 when the markets were at (the time) all time highs. Only for the overall market to drop 50% in 18 months and my diverifisty portfolio of dog stock penny stocks and Dow 30 names dropped an almost impressive 80%.



(my face for 18 months)

So what have you learned from your first (or maybe 2nd correction)? Probably a few things; Trading is not as easy over the long term without a plan, your emotions tend to be tied toward the overall market and that regardless of what the SPY is doing, if you cast out enough lines you can find opportunities.

Correction or rally, chop or snooze fest, summer or winter, it's always the same. You prioritize and execute. When things are all going wrong and you are getting overwhelmed, you prioritize and execute. Once you have gotten out and cleared your head, take a step back and detach from the mayhem. If the markets just got smoked for the day and closed at lows down 3% and 2800 of 3000 stocks closed red. Take a few days off, avoid the shit show where everyone is shitting their pants. Sure you will miss the bottom, however trust me even if you watched the bottom get put in you would still miss it.

When you step back, solve the problems that caused you to become overwhelmed, pick the biggest problem and break it down. Were you too cocky, too heavy, changing your gameplan, selling too quickly, or holding too much back? Figure it out, and get it taken care of. Then focus your resources on these new opportunities and start to attack.

It is always humorous for me to see someone so willing to lick their chops to buy a stock at $100 then during a correction when it sells off to $80 where they could sneak back in on $1 risk, they are too afraid to do so. Now we are not hero traders trying to catch lows, let the low get put it, and flush the support buyers out and find a way to get back in on the way up vs that low.

KISS

There was a study done on gamblers, with handicappers (professionals) and random betters (dumb money). In the first round both parties were given 5 pieces of information about the horse race. The pro's were right 17% of the time while the random betters were only right 10% of the time. The pro's were right 70% more often than the non pro gamblers, now the pro's confidence in their pics was around 19% almost inline with their % of being right.

As a trader for us our 5 pieces could be:

1. Bull flagging
2. Top right
3. Gapped up after earnings
4. 3rd major attempt at level
5. Last two days were inside days

Now in the second round, they gave both parties now 10 piece (double) of information about the horse race. Than in the each following round, they gave both parties more and more information about the race at hand. What had happened as they continued to give both parties more information about the races, they success ratio *stayed* the same, the professionals were still right about 17% of the time while the non pros were still right about 10% of the time. However as they were given *more* information their confidence continued to increase, almost doubling by the end of the study at 34%.

Simple trading*, above 260 in the SPY will put risk on* (white chart).

When the trader starts to add more bells and whistles or “buts” to their trades:

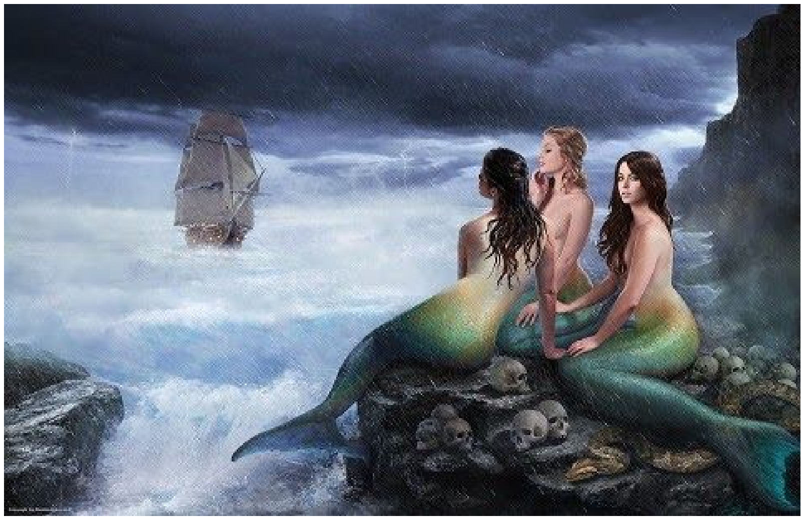
But the RSI is at 80
But it's above the 200 days
But the bollinger band is so tight
And I have no fucking clue what to do? Get short?

Beyond a certain minimum amount, additional information only feeds your confirmation bias. We ignore the real conclusion as we conveniently ignore and dismiss the red flags. When it comes to investing trying to understand the world is far too complex to grasp, and the more we attempt to explain events and trends in it the more attached we become to our often wrong assumptions. We can get blinded to what is actually unfolding, or worse we *think* we understand the world, giving investors a false sense of confidence. When in fact we are more than often misunderstanding it. You will hear it all the time from even seasoned investors that some trend just *doesn't make sense. It doesn't make sense that this Biotech could drop $50 point in a day* or *it doesn't make sense that Amazon could rally 60% after already being up 300% in 2 years.* What’s really going on when an investor says that something makes no sense is that they have a dozen reason why the trend should be doing the opposite, yet the trend does not care what you think. The world and the markets always make sense most just look at them the wrong way from their point of view or price instead of from a non objective point of view.

Financial trends involve human behavior and beliefs on a global scale, the most powerful trends wont make sense until it becomes too late to profit from them. How many times have you tried to buy the 5th bull flag on a daily for it to tick the level by a dime, then a month later the stock is 50% lower. In the moment it looked sick however you were soo late that's why it looked so good. Stocks always look perfect at the peak, yet always look so obvious after the turn. This is why for most who have this grand fundamental idea it tends to take them too long to implement them resulting in them missing the meat of the move.

When you start to hear sophisticated investors saying how it makes no sense how xyz stock keeps going lower, you should know that the stock has much more room to drop because the investor is on the wrong side of the trade and in denial, eventually they will throw in the towel and sell that stock driving it lower. Now on the flip side when you hear someone saying they sold too soon or wish they had more, they too will throw in the towel of being right too soon and that stock tends to eventually trade higher.

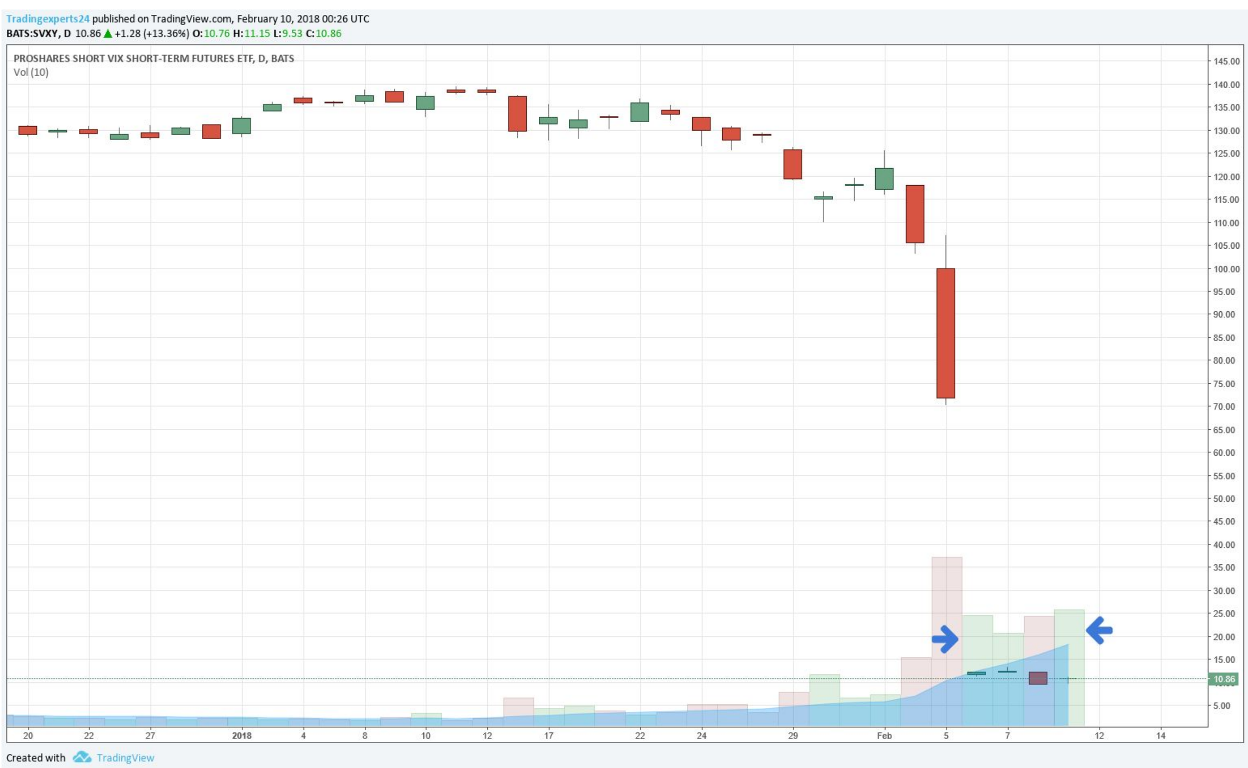
Seductive Sirens



Do you remember reading Greek Mythology in high school? If your like me you probably vaguely remember watching *Troy* with Brad Pitt if your teacher was cool enough. If you don't remember the Sirens, they were the Greek Goddesses who would use their seductive voices to lure sailors to their deaths. They were so irresistible that Odysseus had his man tie him to the ship and had them all show wax in their ears so they could not hear the Sirens seductive voices.

The market is full of *Sirens* and they lure endless amounts of investors to their own demise. In February 2018 $3 Billion dollars was wiped out of one *Siren* (XIV) where overnight investors as a whole lost 95% of their investment. Any rational person would think? Ok tough loss we won't do that again? Right? Dead fucking wrong the same day XIV lost 95%, SVXY its twin sister (also lost over 90% over night) had one of its largest volume days in history (buying volume). You don't believe take a peep at this dumb shit below:

Click on link on this image and just take a peep at this shit, $100 to $5 overnight, game over, see ya later! Now here is the kicker: peep its sister.



SVXY on average was doing a few million shares a day, after it become worthless, started to average over 40 million shares a day. Dumb fucking money. Below is the chart of the VIX that blew up those two products that were suppose to trade against the VIX.

Anytime you hear the words “leverage” “inverse” “ETN” run for the fucking hills because those are the *Sirens* luring you to your demise. I was lured into the rocks by these *Sirens* that you can see how I too was hooked by the allure of what they promised, not delivered.

VIX TRIP

(Pro Tip: Blue Ridge Parkway 500+ Miles of open roads at 5,000+ feet elevation, we host an annual exotic car rally on this road each year, message Ben saying Blue Ridge Rally to learn more)

Back in 2010 when I was recovering from the financial crisis and started to see my baby gap portfolio turning around. I started in late 2007 and watched it drop 80% during the 2008 crash if you are not familiar. It's crazy to think that back than I was buying F at $1, BAC at $5, SIRI at $.05, AXP at $10, ETFC at $9, shit LVS was a penny stock that was a few bucks a share. Looking back it's crazy how far the market has came.

Now back then I was a long term investor just like everyone who's recently joined *Getting Started*, I knew what I was doing! During this time I purchased my first motorcycle. I was such a noob, I almost bought a Ninja 250. If you don't ride, the 250 is known as a chick's bike. My dad quickly told me I was a pussy and had to buy a 600. Ninja 600 it is.

(The Ninja 250, equipped with mountain bike tires and maybe does 90mph)

As I started to get some miles under my belt, my father and I had planned a weekend trip to take our bikes (his Harley Davidson and my crotch rocket) on a casual 2,000 mile trip over the next 4 days. Yes, you read that correctly, a few thousand miles in a few days. If you have driven to Florida from the northeast, you might be thinking that's a cake walk. Yet anyone who rides a motorcycle knows how exhausting a full day of riding can be. Or how hard it is to ride even 200-300 miles in a day, forget 500-600 miles a day for multiple days in a row. As you can see from my father's face. It was a gift to get off our death traps.

My tail light mentor is my father, who is a legit maniac on anything with an engine. *“Bennett were going to take it slow, nice and relaxing ride”* Immediately burns out and is doing 100 down a side street on a Harley. I'm over here thinking *“fuck we’re not even on the highway yet and I can barely see your tail lights.”*

So I was kidding when I said casual, what I actually meant was doing 120 mph for 12 hours straight from NJ to Tennessee. If it starts to rain, we pull it back to a casual 95. We rode so far, for so long that on the ride back my exhaust actually broke off from the pressure it had endured over the last few days. My dad’s advice off the bike compared to how we road could not have been more odd lot to say the least. (You should do this, yet doing the complete opposite)

As a result of this odd lot training I did became a very experienced rider very quickly and any of my friends with bikes that rode with us learned this lesson very quickly. Now similar to my age, and lack of experience, was my trading. I was looking for that fast trade, the trade only someone with balls would take. With the weekend approaching, I figured I could sneak into a trade on Thursday, let it rock while I was ripping down the east coast with my father, and come back Monday with a nice gain to pay for the trip that I wanted to take my dad on. He still paid for mostly everything, however I tried to throw down my fresh new gold American Express card as much as I could to feel like the man, paying for the old man.

The stock was TVIX a 2X VIX ETN, shit just saying that out loud sounds like a tongue twister and no it never traded at $3,000,000 a share, its just be split more times than your favorite porn star. Back then all I knew was market down, VIX up. If I think the market is going down (aftering being a part of the 2008 crash and a perma bear at that point) I was licking my chops trying to take some coin out of Mr. Market to extract my revenge.

What TVIX actually is an exchange-traded note (**ETN**) that is a senior, unsecured, unsubordinated debt security issued by an underwriting bank. Similar to other debt securities, ETNs have a maturity date where it came due at $0 and are backed only by the credit of the issuer. ETNs are designed to provide investors access to the returns of various market benchmarks. They tell you to your face that they are made to go to $0 in time.

What TVIX strategy was (if you want to fall asleep read this paragraph) - The investment seeks to replicate- net of expenses- the returns of twice (2x) the daily performance of the S&P 500 VIX Short-Term Futures index. The index was designed to provide investors with exposure to one or more maturities of futures contracts on the VIX- which reflects implied volatility of the S&P 500 Index at various points along the volatility forward curve. The ETNs are linked to a multiple (2x) of the daily return of the index and do not represent an investment in the VIX.

If you are confused, in the most simple sense, they trade options, and you have no idea what these things are really worth however I was about to learn very quickly what they are actually worth in a short 24 hours.

We start our trip on Thursday morning and I sneak into this TVIX trade on Wednesday, I was up probably like $100 on a $5,000 trade thinking to myself that just if it went back to highs, pre split it was around $20 a share where I got in (green circle) and the prior high was $40. In my head I was about to make $5,000 or 100% simply because it traded their in the past. Boy was I fucking stupid. If I was added to the Getting Started Chat, I would not have made it past lunch to say the least.

We left at around 7am and hit the roads hard, doing about 300 miles before lunch, what is pretty funny is that even when you're averaging 100+ mph, you have to stop for gas a lot, and stopping for gas tends to be a 15-20 minute pit stop. When you average that out, you end up really only doing about 65-70 miles in an actual hours time. Yet for 90% of the time you are riding at a speed that could literally kill you if you fuck up. My trading was exactly the same, balls to the wall 24/7 until the crash comes. While the professional traders casually pass by going 65 waving as you lay bloody on the shoulder.

The crash came 4 hours into the trip at the first pit stop. I pull out my Blackberry (yes, that long ago) and log onto my account expecting to see huge profits as I make Mr Market my bitch.

First thing I see is: **NEWS ALERT TVIW**

Fuck, a red alert this must be bad. I click on the link and patiently wait 4 minutes for it to load. Remember it's 2008, the Iphone wasn't even cool yet. Being in east bumble fuck PA sure did not help the matter.

The alert loads, and reads ***"TVIW executives incorrectly priced ETN, Net Asset Value is $10 a share."***

I just bought this fucker **yesterday** at **$20** and **today** it's actually worth **$10**, now if you ever bought a mutual fund their might be a difference between its trading price and net asset value, or even a bond can trade over or under its par value. Within a given range, however 50 fucking percent is not in any way shape or form "normal."

Now I dramatically summarized that alert because it actually was 10,000+ words long written in lawyer mumbo jumbo. As we saw recently after the XIV 95% gap down and that day was the highest buying volume day in history. Yes after XIV blew up and was down 95% was the day most people got in, dumb fucking money. I was not in that camp, not because I was smart, simply because the stock was fucked, overnight I was down almost $2,500 there was no way whatever that long ass alert said was good.

Did I cut it? Of course not, blackberry back in my pocket, headphones back in and time to get back on the road and rip it for a few more hours as I try to get as far away from Wall St as possible. Figuratively and literally. The trip was an absolute blast, however on the way back I knew once I got back I had to face the music and a week or so later, I eventually just puked the fucker for over a 50%+ loss.

AKA don't let the VIX become your *Sirens*!

Swinging with Sharks Task

If you have fallen victim to the sirens of the leverage space and want to share your story, it might help keep another trader from blowing themselves up.

Media Head Fake

As the market grinds higher we are hammered through the media all day long of the *Wall Of Worry* talk. The markets is too high, growth is too slow, rates are going to rise, North Korea is going to end the world. Endless fear mongering 24/7, 365. This is why we tell you to turn off the goddamn TV because the media's sole job is to sell fear and commercials. Plain and simple now let's take a moment to dig deeper into this scary headline.

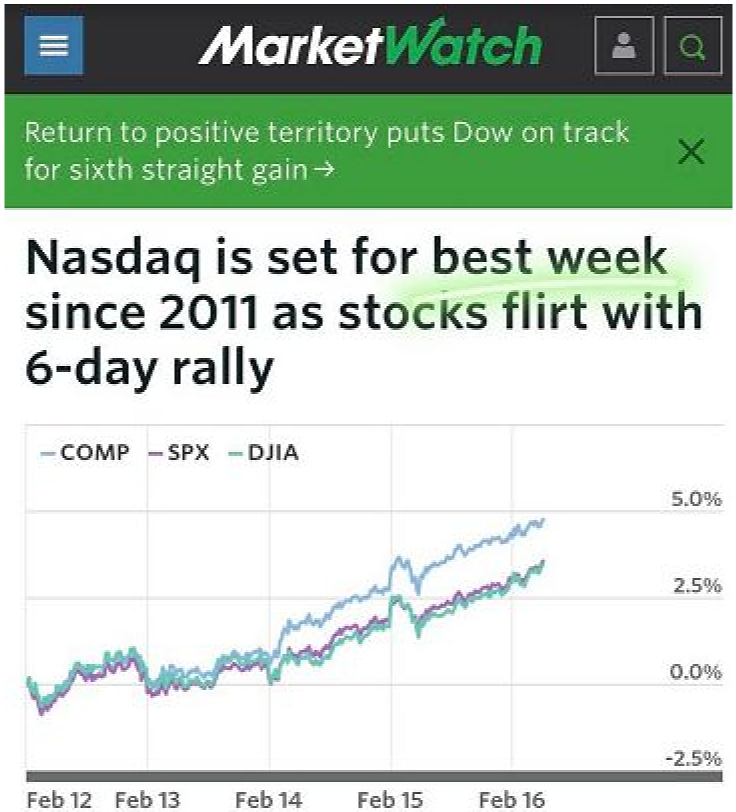
"DOW heads for worst week in 9 years"

I will even add to CNBC fear mongering headline and show you the last two weeks of trading. Scary right? Well it only looks scary when you look at the most micro time frame. Let's alter the chart to what CNBC is really talking about (the last 9 years of trading) so we can see the shit they are spinning:

"DOW heads for worst week <u>in 9 years</u>"

That red candle is the correction that everyone has been waiting for. Ask yourself if you are a long term investor would you give up all the pasts upside for that little shake out after a monster run? If you were up 240% in 9 years, would a 12% pull back mean anything? Absolutely not. Corrections headline wise = scary. Corrections for investors = deals of the year, yet you have to have balls. In the next lesson, we will go through some recent corrections to show you why this is the time to sack up if you have balls of course.

Now if you had balls and odd lotted the media let's see what they are saying now (a week later)



So a week ago, worst week in 9 years! The world is ending, get in cash and stock up on bullets. A short week later everything is great in the world with the best week in 7 years. You let the media get into your head is the fastest way to get smoked.

Want to know how long this correction lasted, a whopping 2 fucking hours, 2 years all people talked about was when the next correction was going to happen and how they were waiting until it did. Well guess what it did and the market was down 10% off highs for all of 2 hours. You could have gone to lunch and came back and it was gone.

Now let's take a look at how the market has traded since as well as our last correction in the next lesson.

Correct Corrections

Let's start at the most recent correction that absolutely not one person called. Don't tell me about the fear mongers who call it for 5 years straight and celebrate any down month while not taking advantage of the incredible bull run we've had. For two years people have been waiting, calling, and bragging how they could not wait for a correction.

Mr Market gives us what everyone was wishing for, now that it's here? Most are shitting their pants -- surprise, surprise. Now even in the chat, you could see both ends of the human emotion spectrum. One member wanted to buy a Rolex after his monstrous month of trading (Greed). On the flip side on the 3rd day when the market gapped down and started to rip higher, the word "shorting" was the topic of discussion.

Now this talk was not just confined to the chat. I chatted with a professional money manager during this time and on the day we gapped down and ripped higher -- 9 a.m. it was storming the beaches of Normandy. Get your resumes ready, world's ending!

No less than 6 hours later when we were at highs, they were green eyed trying to buy everything they could. Human emotion is no different from professional or piker, the only difference is the bankroll.

Let's take a walk down memory lane to the last few corrections where the world was ending those times as well. The last one was a mind boggling 100+ weeks ago.

Leading up to 2015, 6 years after the March 2009 lows, the overall market outlook was still nowhere near optimistic and $212 on the SPY was started to look like the top. Let's take a closer look though.

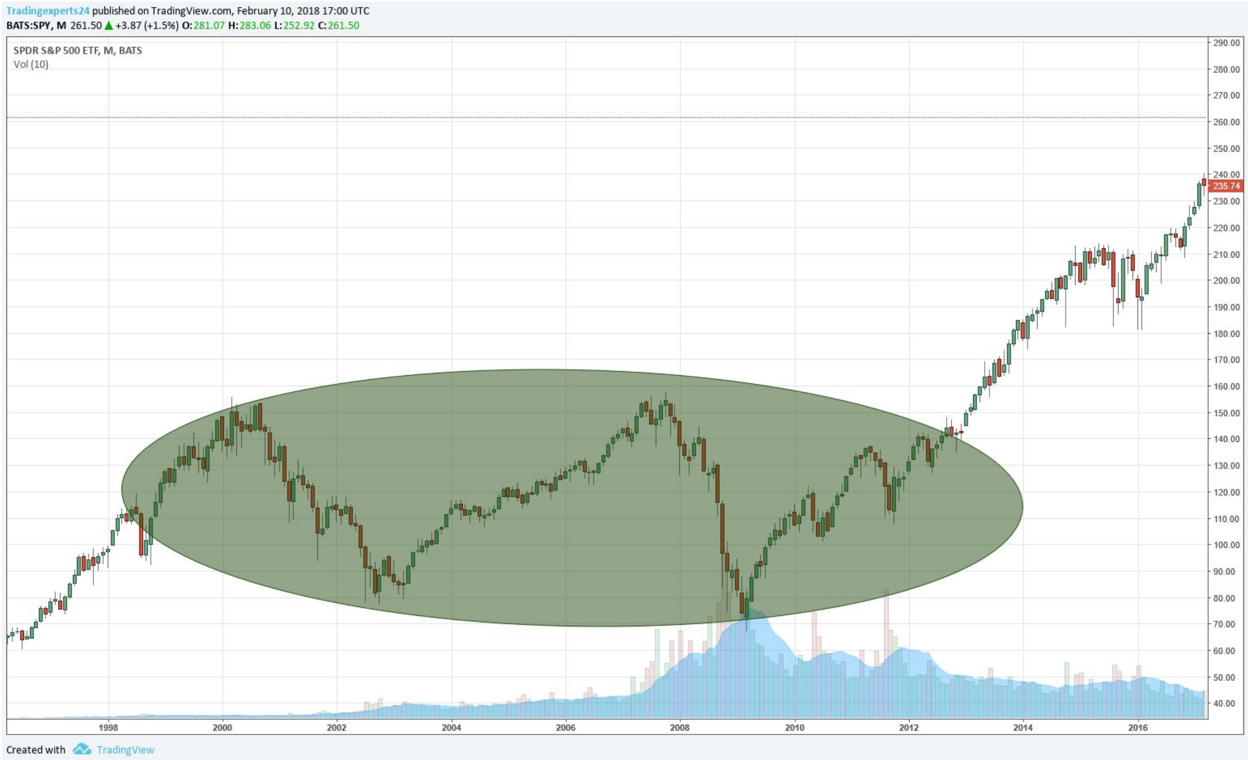
We were flagging at highs, buyers were stepping up. However just like any chart when it gets so tight and looks so perfect -- it has to fuck everyone, shake the tree and then go later after it wears traders out. Just like we saw the last two days, 3rd major day down was a buying opportunity yet most were looking to short.

After that low held, the market started to chop around and eventually attempt highs only ("RETEST RESISTANCE" on chart above) to retest the lows ("RETEST SUPPORT" on chart above) and even break them to form fresh lows (running stops, frustrating the maximum amount of participants; max pessimism).

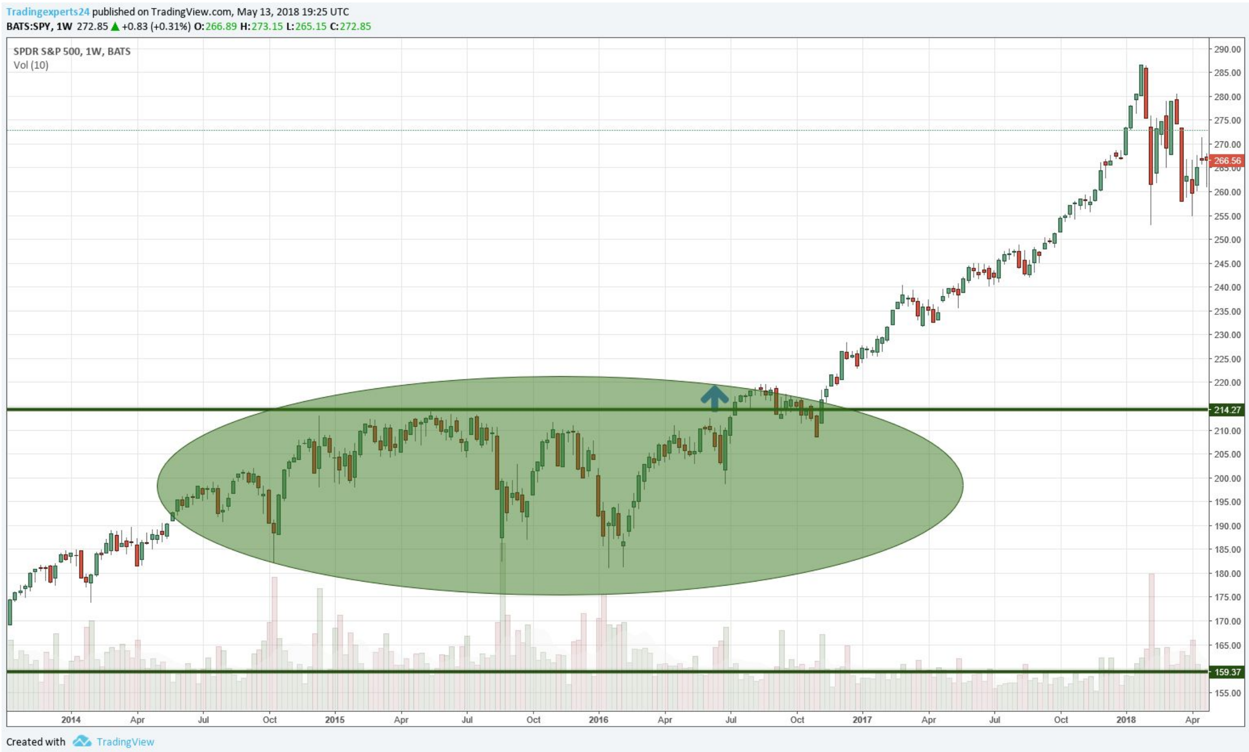
I remember the 2nd retest as clear as day because I was at a family member's funeral seeing the markets take out fresh lows again, I too felt the market was over.

This is how I am planning for the market going forward - not exactly how this chart traded, however I feel we can get near our prior highs (2nd time) yet not break or not really get any momentum through it. From there I'd expect more of a fade and be somewhat range bound before we can start the next leg of this market.

I don't feel the consolidation period will take as long due to how fast news and information is disseminated in today's age. We will see if you agree (written on Feb 9th). First let's take a big step back.



Super macro, we have the dotcom bubble first high, run up to the financial crisis being the second high, and finally the breakout that no one really saw coming (3rd time's a charm) over 12 years of trading.



The next major consolidation trimmed down the fat of 12 years and crammed it into just 2 years. As we've seen with stocks, there's that long boring consolidation under highs that takes forever to break. From there, the consolidation periods get smaller and smaller before their next breaks. Eventually, the chart has to reset with a major shake of the tree.

If the market wants to continue to breakout it is going to need a rest and push out the cocky newcomers who are bragging about their 30% returns in their 401k. If history wants to repeat itself, I will be looking for the market to trade in this range for a while before it can really set itself up for the next major leg. However time will tell, just remember you trade stocks, not the SPY, it's good to know the levels to see broadly how things are doing, however it’s a fool's errand to spend much time on the SPY or any other major index. Once, twice a day is all the doctor prescribed.

The one major flip from a breakout market to a correction or range bound market which is what we have been in all of 2018 is that you find the deals when the market looks like shit, not when it's all sunshine and rainbows. The more people you hear complain about the market the more you should be hunting, the more you hear people brag is when you need to tighten up.

Now more often than not, you only realize this change in market conditions when you get caught with your pants down, meaning your trades are failing more than Kanye explaining how slavery was a choice. Once this red flag goes off then your trades are failing. Very simple, come close, this is a secret we cant let anyone else read or know about. Ready for it? Get up and get the fuck away from the computer, if the market just closed bearish engulfing and is down 2%, it's heading lower. Back away, go grab a book, grab that cute girl you've been talking to and take her to the beach or go have some fun. The market moves in much bigger waves than regular stocks, it takes time to change momentum. Think of a stock like a jet ski or a speed boat, very easy to rip around and park, think of the market as a cruise ship. You know how long it takes those fuckers to dock or to turn around? A long fucking time, and your inpatient ass is not going to want to sit there and watch it, so don't. Go enjoy your day and come back in a few days when the dust settles. The other traders who were trying to trade through the shit show will be mentally drained by the time the turn happens. You will be coming in fresh as a new born baby ready to go. You will miss the low, and that's a good thing. Heroes catch lows, traders catch the move.

Remember broadly you want to be selling near resistance and buying near support when it looks like shit, broadly, say that out loud. Broadly motherfucker, when the market is getting near prior resistance you will look to sell in a range bound market. Range bound markets fuck around for much longer than anyone wants them to and that's the point. The market has to tire the crowd out so when the move is ready to go, most are caught with their pants down and have to chase. Rinse and repeat the Mr Market way.

Embrace the corrections, be prepared, have your shopping lists ready and grab those deals when most of the market is too scared to open their eyes.

Swinging with Sharks Task

Find 2 of the last Bear Markets (20% drop off highs)

When the market was down 20%, how many days did it spend sub 20%?

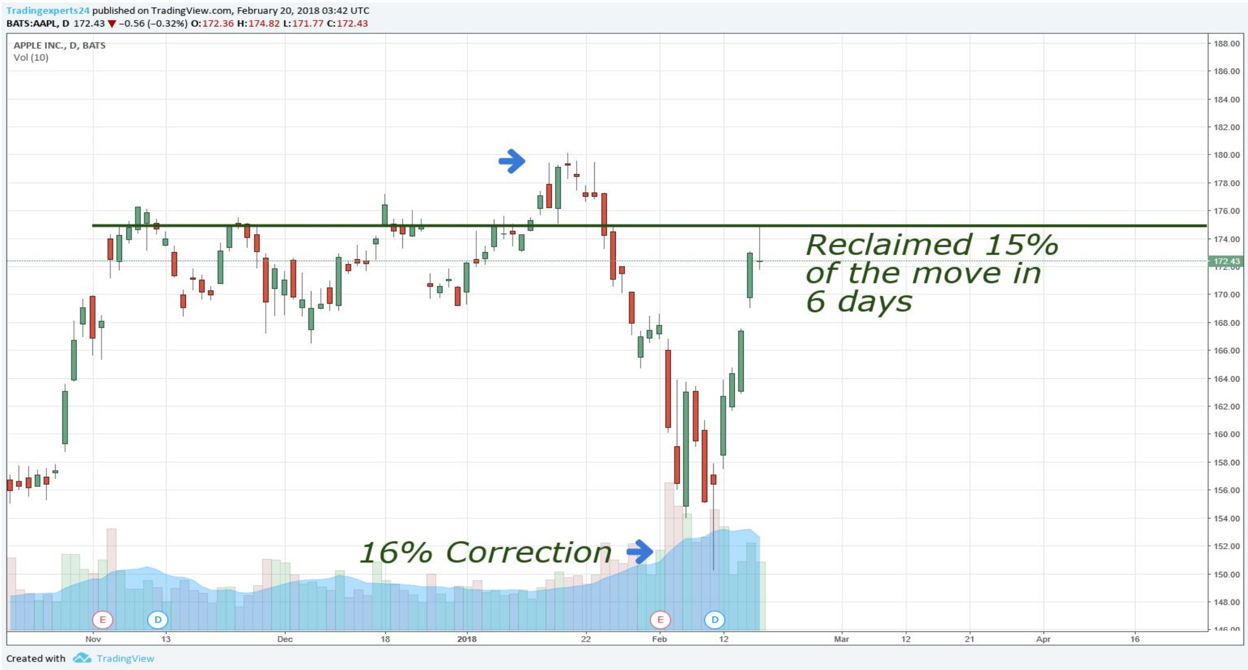
This is often the time that anywhere you look people are screaming to sell, would it have been wise to sell?

How long did it take to get back to it's prior high?

What will be your plan next time we have a bear market?

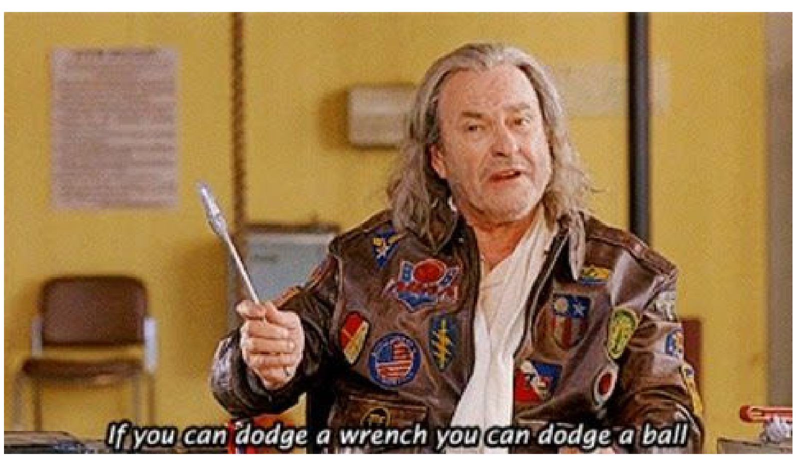
Dip and Dodge

When volatility is low and the market is grinding higher, it's much easier to sit in swings for weeks and months at a time that require less maintenance. However with that slow grind tends to come slower percentage gains. When the market heats up and people start to get irrational, being able to dip and dodge (if you have the balls) allows you to get much quicker chops as the markets bounce around creating new levels.



In the most recent market turmoil Apple corrected by falling 16% from highs in 20 days. After shaking everyone out, it took a mere 6 trading days to basically reclaim that month long pull in. Now you might not remember however a year ago Apple was our trade of the week through $118, would you like to guess how long it took Apple to move 16%? Just give a wild guess?

90 days. Granted this was a cake walk of a swing trade that just continued to grind higher every day. You usually cannot have your cake and eat it too. As you can see with the slower returns, you don't deal with scary, sharp moves all too often. Faster returns you need to crank up the fear.

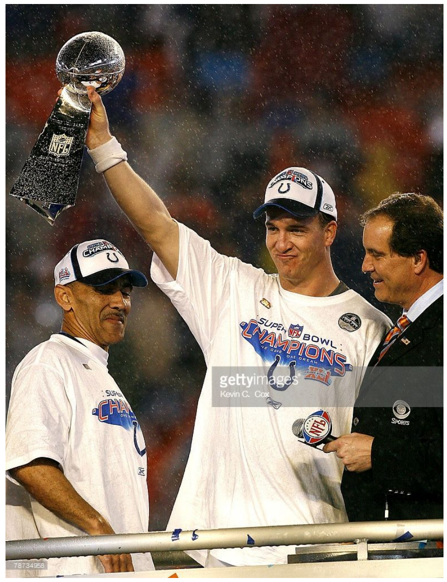


This is why we continue to chart and learn daily, **especially** when times are tough and scary because those are the short windows of time that most run and hide. However when the shit hits the fan for real, say when a correction turns into an actual bear market. If you run and hide every time the storm approaches, you will be shitting your pants with the rest of the crowd. While we are rowing by in a raft since we trained for such an event. Even if the event is high unlikely to happen, we still need to practice like it's going to happen at any time.

If you are an avid football fan, you remember Peyton Manning leading the Colts past the Bears in the pouring rain in Superbowl XLI. The main reason for their victory was winning the turnover battle. Not a fumble or botched snap of any sort from Payton.

Would you like to know a little secret of Mr Manning's? He practices wet snaps after practice every single day. Let me repeat that, he practices wet snaps with his center after practice every single day. They play inside a dome, meaning that half of the games he plays there is a zero percent chance of rain, leaving just a small window to play in inclement weather. Manning doesn't care, he practiced the same thing during every single down. He has every play in, extra, after practice, every single day and as a result….

...The man took home the hardware.



During the scary times, practice, be much lighter than you would normally and get some reps in so you can start to build up your trading reflexes when shit gets scary. The times when it gets scary is where most of the uneducated will give back years of gains in a short window of time. If you are prepared you are on the other side of the trade dipping and dodging. If you are not prepared than you will end up looking like this:

Don't be like White Goodman who couldn't react under pressure and ended up taking balls to the face.

Forbidden Fruit

From time to time we all complain, we are human and all, however you might have

noticed that you never see Shake or myself complain in the chat, quite frankly you will rarely ever see us complain, people complain when they are helpless. It takes time to rid yourself of being a complainer and your first step will be to never complain in the chat.The chat is there to game plan setups and execute, not wish you had more stock of a winner or less stock of a loser. Or to bitch and moan about whatever is going on in your personal life. The words below are not allowed in the chat, no if, and's or buts about it :

Shoulda - don't care
Coulda - don't care
Woulda - really don't care
Wish - next time do it
Hope - plan
Thoughts? - do your homework lazy bones

Focus on providing value to the chat, remember no one likes a cry baby, complain to your significant other, better yet just throw complaining out of your life and everything gets that much easier. Remember we are here to make money.

Swinging With Sharks Task

What 6 words are not allowed in the chat?

In the group chat "I will never utter these 6 words in the chat……"

We can't wait to see you in Step 10 The Secret!