

TRADINGEXPERTS PRESENTS

What's Next?



A GUIDE TO SIMPLIFY
SWING TRADING

Trading Experts Presents the:

What's Next Program



If you're reading **What's Next** then you successfully finished up *Getting Started* and worked your way onto your next step in the learning process.

At this point, you are aware that you have plenty of time to improve daily. Teaching yourself a new skill can absolutely be done and learning from professionals can speed up the learning process while avoiding the costly mess ups along the way. You should know that the broker isn't going to make you successful. You know how to scan for set ups on your free TradingView account. You know why losers trade penny stocks. You know about basic order types, how to find a bull flag and some of the basics of game planning.

Trading Experts 10 Step Challenge To The Alpha Chat



In *What's Next*, you are going to build on the foundation that you started to form in *Getting Started* and now, we will take it up a notch. We took lessons from our *Game Planning*, *Chart Reading*, *Trading Psychology* and *Taking Profit Programs*.

There are a few questions I would like for you to try and answer now in your Group Chat, then once you complete the program, circle back and compare your answers. You should be able to answer them all with confidence upon completion of ***What's Next!***

- Why do we invest in stocks?
- What is support
- What is resistance?
- How should you grow your account?
- What is your A+ set up?

Best of luck & happy learning!

From Shake and Ben G

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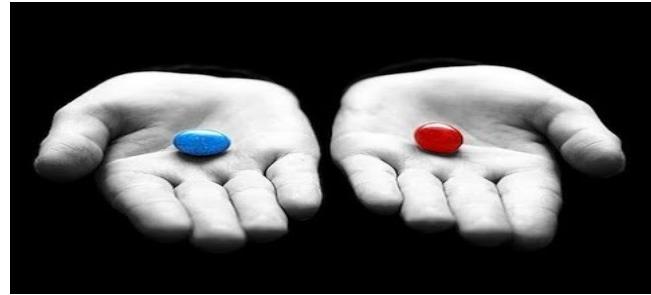
Scared Straight



Most new market participants enter the market looking to trade the most volatile (cheap) stocks with the highest degree of risk. For most, it is usually a fairly quick dose of reality as the market scares them straight as they watch their account race to \$0, faster than you can say “*and it's gone*”.

Other than the monetary loss, more importantly, it’s the emotional one. “*The market is rigged*” most will utter. Yet it wasn’t rigged when that one trade worked? It’s just rigged when the next trade blows them up. This is why we hammer home the process of learning first. However, this is exactly what most do not want to do. Read? Daily? Learn? Screw that. I just want to crush it.

There tends to be two major ways that new traders die, the **quick** or the **slow** death. The quick death is a story we break down at the end of *What’s Next*; it tends to be people with money to burn, literally. They did something right to amass their wealth and in a flash, it’s gone. Mr \$80k learned that lesson in 48 hours.



On the other hand, there is the slow death. This trader experiences loss after loss and just gives up. They keep looking for the next hail mary by chasing names with no defined strategy. These people often have been successful in prior endeavors (from hard work and consistency) yet expect to stroll into the market and take money out of professionals pockets like Shake who looks at 1,000+ charts a day and will flush the figure where your stops are just for kicks.

The market has little room for arrogance and ego

This problem tends to be compounded even more quickly (fast and slow death combined) when they trade on margin. They don't have the bankroll to afford their mistakes, nor do they have the experience to realize their mishaps ups are actually -- huge mistakes!

What's Next Task

Share a similar story of yours where the market scared you straight in the group chat. Trust me others will share their stories too.

Post Your Answers in the Chat

Why Buy a Stock?



Most investors are very eager to invest and buy a stock. But why? Is the company the best in its field? The price is trading at is it a real bargain? Or is it the fact that they hate to see their account sitting in cash? Most new traders tend to avoid doing the homework and necessary research to properly manage their risk and this is why so many traders fail.

When you ask a new trader his "Game Plan" it is usually something to the effect of:

"Sell it higher."

Or

"I bought it because of some long term factor that will fundamentally change....this stock!"

Only to sell it after the first sign of profits. Random efforts yield random results.

If you were to ask a real trader what his game plan is, it would be something to the extent of:

"I'm buying EA through \$75 based off a daily Bull Flag Pattern that has been forming for the past month, my target is \$80+ in the stock and my stop will be at the prior day's low at \$73.99, risking \$1 to make \$5 per 100 shares."

Trade liquid stocks, avoid chaotic stocks.

It's obvious who is more prepared for the upside and where to take profits and more importantly for the downside if/when things go wrong. The top hedge funds in the world have an average success rate of around 40%. For the Professional Trader licensed with their Series 56, most tend to trade in the 30-35% range. The new trader is a roll of the dice, yet assume they will hit snake eyes everytime. This is why we focus on the downside, we are aware that percentage wise, we are wrong more often than we are right.

What's Next Task

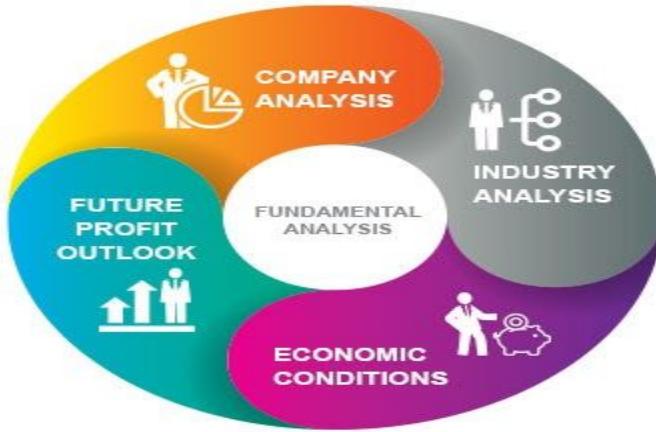
In the Group Chat share the information below on your favorite company on your watchlist.

- 1. Ticker**
- 2. The daily chart of the stock**
- 3. Your gameplan (entry, stop, target)**

Post Your Answers in the Chat

You already finished 10% of this program! Keep up the hard work! If you're proud of this, say "I'm at the 10% mark!" in the Group Chat!

Fundamentals are Important, Price Trumps All



We focus on technical analysis as the chart tends to tell the story, however we don't want to be ignorant towards fundamentals. You just have to realize that if your time frame is under a year, then fundamentals will be pretty useless to you. Such as Tesla 967 P/E (industry average 16) ratio didn't stop most new traders from chasing it after a 600% run up. Let's take a quick stroll down the fundamental lane so you get some of the basics. We will go over the Beta, 52 week range (not really fundamentals however good to know), P/E, EPS, and dividend yield to get you up to speed!



Beta is how volatile a particular stock is compared to the overall market, we refer to the market as the SPY (S&P 500). The SPY's beta is always 1, and a stock with a beta less than 1 like Nike (NKE .50 beta) would in most cases be half as volatile as the market. Conversely, if a stock has a beta of

1.5 like Tesla (TSLA), it would be 50% more volatile than the overall market. The higher the beta, the higher the risk however also the higher the reward! Example in a perfect world:

SPY finishes the session +1%

Beta of 1.5 = +1.5%

Beta of .5 = +.5%



The **52 week range** shows you the range the stock has traded in for the last year, the more expensive the stock, usually the bigger the range. For example Google's range is almost \$300 while Bank of America's is only \$4. If you were able to buy the low and sell at the high of BAC in a year, your gain would be around \$4 per share.

The bigger the range the better for us, if a name moves \$4 a year even if we are perfect the upside is limited. This is where knowing the name you're trading comes into play.

P/E is the share price divided by the earnings they bring in. As an investor in that stock, you don't physically get those earnings. A stock with a P/E

around 12 tends to be a stable company. The higher the P/E the higher the future growth potential the general public believes in the stock. For example there can be companies with P/Es as high as 100 and some as low as 5. As active traders the P/E is not that important, if you are looking at long term investments then companies with P/Es of around 10-15 tend to be a sweet spot. Lower P/Es are more value plays and those take too long to pan out in most cases.



Some stocks pay a **dividend**, some don't. If you are invested in a stock for 1 year for example, you will receive the dividend payout usually 4 times a year. Let's say you invested \$1,000 in VZ which pays out around 5% a year, regardless of how it performed you would receive \$50 in dividend payments throughout the year in total (\$12.50 per quarter).

The rule of 72 is good to remember, if you divide the dividend yield by 72 you will know how many years it will take for your investment to double from the dividends compounding. For VZ it would take 14.5 years for your investment to double off of the 5% payout. We look at dividends as the sprinkles on top of a sundae, they are never the reason to get into a trade however they can be an added bonus. Dividends also add stability to a stock (aka they tend to be less volatile) however with less volatility that protection comes at a price. The price is, that dividend paying stocks tend to move a tad bit slower than their non paying growth brothers.

In the most simple sense think of dividend paying stocks as “value” stocks and non dividend paying stocks as “growth” stocks.

Trade strong sectors

As a trader or investor, the price, beta, 52 week range, P/E, EPS and dividend all matter. However what trumps all is your **price**. You could buy the best company in the world yet if you bought it at all time highs and the stock never trades higher you will still lose money.



What's Next Task

What is the P/E ratio of a stock A that is trading at \$20 and brings in \$2 a year in earnings?

What is the P/E ratio of a stock B that is trading at \$100 and brings in \$2 a year in earnings?

Post Your Answers in the Chat

Why Are You Here?



It's 9:26am on a Monday morning in 2013. Our morning meeting had just ended and let's just say it was wildly unproductive. No one had any meaningful set ups to discuss:

"Um AAPL looks good through \$80...?" Wrench states sounding as confident as a one-armed juggler.

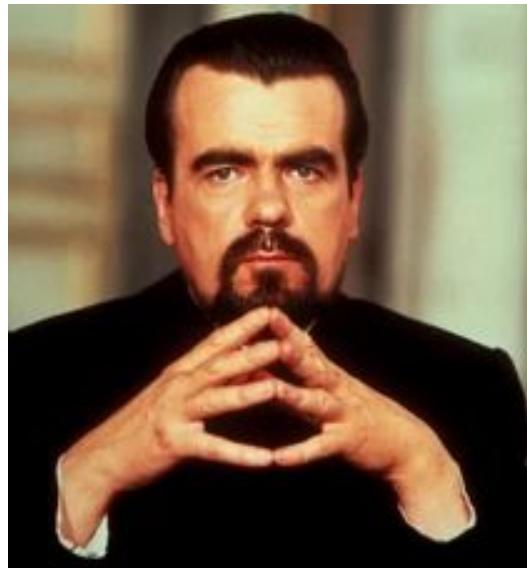
"I'm looking to take BAC through \$10 for \$.25," Jack exclaims as he swings his baseball bat into his right palm.

I have no value to add so I state *"I like that Apple too through \$80"* (classic move on the trading floor when you had nothing better to say).

"I like this AMZN through \$300" Shake states, pretty much the only one prepared.

There are about a dozen more callouts as we go around the desk. However overall, long 'yawns' short 'ideas' as the desk was not prepared for TGIM.

Our manager of the desk who looked and acted like Hugo Drax from the classic James Bond films is for a lack of better words, pissed, blood boiling pissed.



He can tell that none of us (except maybe Shake) did any homework over the weekend. To add insult to injury, our desk was performing poorly as we were not adapting to the 'buy high, sell higher' market (years later, the same market).

We were just getting back to the prior 'dot com' and 'financial crisis' highs -- and were looking to 'short' every top out there -- and boy was there plenty.

We would quickly get pushed out as *steppers* would push through filling their orders through the resistance level and stopping us out as stocks ripped higher daily.

'Steppers' aren't prevalent as they used to be. These trades were more in a day trader's skill set from reading the order book. A stepper would show huge size on the bid, say 100,000 shares at \$59.10 when say the bid ask spread was \$59.30-\$59.35, so you would market in, throw offers up \$.20 -

\$.50 higher, and the desk would yell “STEP” as he stepped up to \$59.20 and more people would market in.



STEP

Then he would step again, and more people would market in. This was the shortest mini bubble one could see intraday. People would chase and the last kid would get it at the height of the move, then the stepper would pull his size or get printed and the stock would flush a dollar. That trade is no longer around anymore. If you were fast on the keys it was a lay up trade. If you were asking what are keys? It wasn't for you.

Anyways, to put it simply confidence was at an all time low. It's almost funny in hindsight because we were about to go on the biggest breakout broadly since 2000.

I digress, our boss starts laying into us:

“Wrench how the fuck did you hold that short so much against you last week?”

“Jack really? You want to trade BAC for a 10 cent scalp?”

“Ben seriously -- what the fuck are you doing here? You’ll never make it as a trader.”

He continues to lash into the rest of the traders, and skips over Shake, as he continues his rant, Mr X strolls in sipping a Jamba Juice. Hugo doesn't

bat an eye, he might be scary however he is not stupid. You don't yell at the guy who puts \$30,000 in your pocket daily as easily as Curry draining 3s at practice.

After he rips into me, I zone out on the rest of his rant with intense focus. Focus similar to that rush you might have had walking into a Monday morning gap down in a position you were just a little too heavy in with no plan.

I start to focus on what I need to do to prove his statement wrong just like when my Dean told me I would never get a job on Wall St with my GPA, or when the car salesman said I would never be able to buy an Aston at my age.

I will never make it repeats in my mind over and over, ok cool. This is now my main focus to prove myself right. Key word, prove myself right, not prove him wrong. He lit the fire, it was now time for me to stoke it.

“You may not realize it when it happens, but a kick in the teeth may be the best thing for you.”

Now you might be thinking Hugo is an asshole, which he might be, however traders are some of the most competitive people you will ever meet. I make 20% in a name, Shake needs to make 22%, and then Hugo top ticks and makes 25%. (Recently I made 65% in a swing, our member Tommy held out to make 66%, then Shake came a week later to knock down 70% - competitive sport.)

If you are not competitive that's fine just don't moan when Hugo flushes the figure, runs your stop, only to make you chase a dollar higher where he has his offers out. What Hugo was doing was extremely painful in the short term. However, long term, extremely wise for a few reasons.

1. The ones who couldn't handle the embarrassment would quit, and the weak traders did (less of Hugo's time wasted on teaching quitters).
2. Made the ones who could push through even more committed and harder working.
3. The ones on the fence would either crap or get off the pot (I was in this camp).

On a trading desk, it's Social Darwinism at its max. If you're the best, you get treated like a king. If you suck, don't expect to be invited out for lobster rolls with the BSDs. Given today's ultra politically correct society, unfortunately what Hugo was doing will probably not fly in a few years.

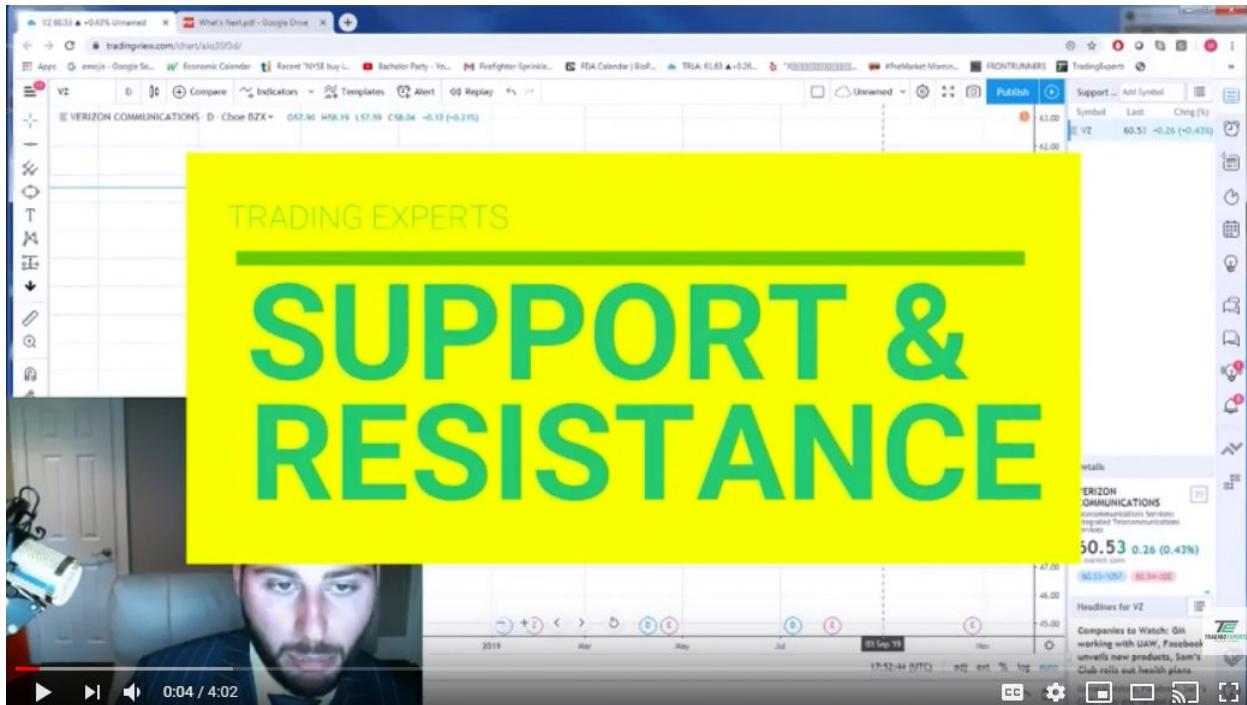
Being real and telling the brutal truth tends to be the cup of humble tea more people could use every once in a while.



I couldn't be more thankful for that brutally honest feedback and I try to get that same feedback from my peers to improve the chinks in my armor on a regular basis. When people tell you you can't do something, just shut up and get to work to prove yourself right. Saying I will prove you wrong is cheap (and makes you look weak).

Buckle down and master your craft, eventually that person who told you that you can't, will ask you how he can, and that's the circle of life for the hard workers.

Support & Resistance



[Click here to start watching the lesson](#)

What's Next Task

Why does a stock often get met with resistance on the 1st major retest?

Comment your answer on the Youtube Video

Now let's continue to improve on learning the basics of support and resistance.

Scan your Dow 30 Watchlist

Find one stock where you can clearly draw out the support and resistance levels on the chart and post them in the group chat!

Below is an example of what we are looking for!

Tradingexperts24 published on TradingView.com, October 02, 2019 20:08:46 UTC
BATS:VZ, 1D 58.94 ▼ -0.91 (-1.52%) O:59.70 H:59.72 L:58.72 C:58.94



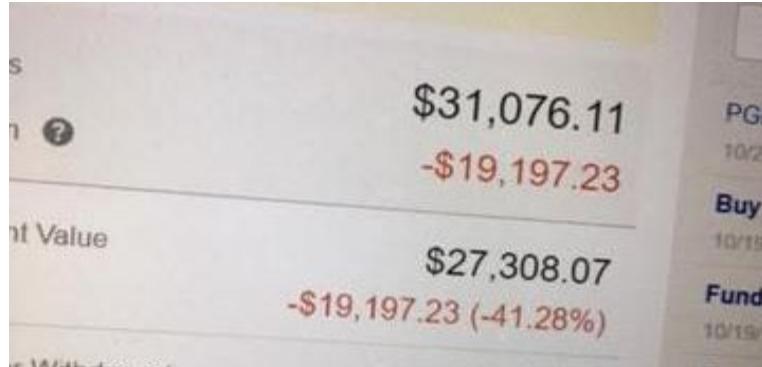
Created with TradingView

[\(click here for a bigger chart image\)](#)

Post Your Answers in the Chat

Congrats you already finished 20% of this program! Keep up the hard work! If you're proud of this, say "I'm at the 20% mark!" in the What's Next Group Chat!

Are Penny Stocks for Losers?



(What it really looks like when you buy penny stocks - BTW not our loss!)

The million dollar question --- “*Are Penny Stocks for Losers?*”

For the novice trader the answer might be no, because if you are new and have no experience, it might even seem smart. You want to build your account fast, you focus on cheap stocks because it's easier for them to double and triple. \$1 to \$2 is so much easier than \$100 to \$200, even though it's the same return.

The new trader thinks he will kill it! Yet if that were true why wouldn't rich people do it too? Want to know why? Rich people aren't losers and they know a thing or two about that little thing we call risk. I know, your friend's brother's uncle's dog sitter is a penny stock guru. Yet that guru never tends to be you (or I) and that's really all that matters.

So how do you build your account? You have to realize that building your account takes time -- so when you hear a Penny Stock Guru say “*Want to get rich fast??*” You should politely say, “*Please get away from me, you sleazeball.*”

For someone who has experience in the financial markets we wouldn't touch them or advise our worst enemy to buy them.

Is it any mystery why rich people buy expensive stocks just like they purchase other expensive investments because of the “value?” There is no value in penny stocks, they are lotto tickets and rich people don't gamble when the edge is not in their favor.

This poor soul below who we told to get out of that dog shit -- 2 days later lost 90%! His \$50,000 was worth \$2,500 in just 16 trading hours... SCARY!

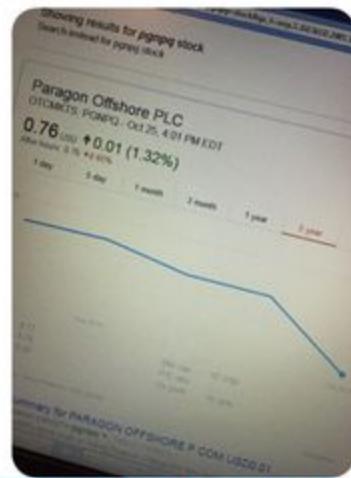
(Fun Fact: Zero, I repeat zero Alpha members have ever experienced a loss like that under our watch, zero. Ask your penny stock guru how many poor souls lost their life savings for one kid to make a few bucks.)



Here is a text convo below between Sam (a current TE Alpha Member) texting Ben G about Sam's friend who had just invested the last \$50,000 he had into a penny stock. This loser (not Sam) started with \$250,000 following tips from his men's league softball coach and was down to his last \$50,000.

Sam TE

Fair enough



Send your buddy this and tell him he's going lose 100% of his investment doing dumb shit like buying penny stocks - from a Wall St trader with 10 years experience

Speculation on buy out rumors



iMessage



I have like 2500 left in it

Who cares

Over it

You lost \$25k dude

How are you over it

(That text was sent 2 days before telling him to get out. Did he listen?
Nope. Ben was told to screw off.)

Ben tried to help this loser, who turned \$50,000 into \$2,500 in 48 hours but most penny stock traders tend to live in a world full of *delusion*. He bought at \$.70 and the next day it opened down \$.63 cents at \$.07, what's a 90% loss overnight between friends?

This is the reality of trading these speculative companies with no background or financial history. The saddest part was that we told him exactly what was going to happen when it was \$.70 a share. We were just trying to help, but he was a “guru,” and told us it was going to \$2.

Why was his target \$2?

If the stock ran to \$2 he'd recoup all his prior losses from trading penny stocks, delusional.

Did we have a Crystal ball and know the company was going to drop 90% the next day?

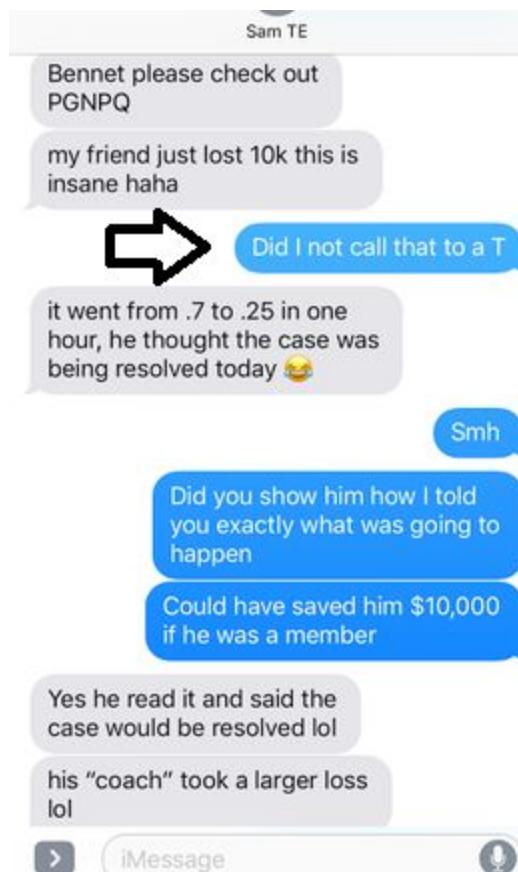
Yes in fact we did. He was the crystal ball.

How did we know he was going to lose his life savings?

Simple, we asked him why he liked this piece of dog shit and here was his reason, and I quote:

“I am investing what is left of my life savings \$50,000, which started out as \$250,000 just 2 years ago. I bought 60,000 shares and it is going to \$2 where I will sell and break even on all my prior losses. The company just filed for Chapter 11 (bankruptcy) and is going to

Bankruptcy court on Friday! They're gonna beat it, and the stock's going to pop!"



(16 hours later, friday arrived and he's dead....DELUSIONAL!)

If anyone knows anything about companies filing for Chapter 11, they don't win, they sell off their assets to their creditors and the stock goes to \$0. When he says they're going to court Friday, well that's the day they're going to \$0 and you need to get out before it does. No, not him, he is a guru and is going to hit this grand slam and recoup all of the \$200,000 that he lost!

Now this still happens with real companies like GM in 2008 that went from \$40 to \$0, however it took 2 years for that drop to happen. I know because I was long GM and actually day traded it on the day it was going to zero to

break even on my investment (dumb) while this loser went to \$0 in 18 hours. GM is public now only because it went public after the meltdown however for all those GM employees who had 100% of their 401k in GM lost everything only to watch their employer go public a year later at the same price, a complete spit in the face to working class Americans however that's another story for a different day.

So if you are still willing to risk 50-100% of your money with trading penny stocks you will find out the hard way very quickly. Or you can be boring and invest in a much safer company that you might only lose 1-5% and could make 5-25%+ if you know what you're doing.

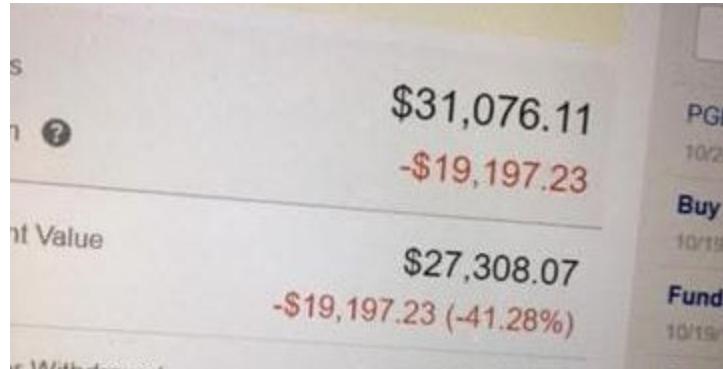
We will be the boring Buffett and Gates', and we'll leave the sexy stuff to the penny stock dreamers still living in their parents basements.

By the way it doesn't take \$1,000,000 or \$10,000 to learn how to trade, it takes **\$0** to learn.

This is what your life could look like, if you learn **first**.



If you still want to be a penny stock loser, this is what is realistic, if I knew even 1 profitable penny stock trader over the last decade, I would show you. However I only know losers who blew up like this poor sucker below.



What's Next Task

In the Group Chat post “penny stocks are for losers, suckers, gamblers and degenerates and I am no loser!

(Say that out loud too, seriously, once you do, you will never look at them again.)

Post Your Answers in the Chat

Save More Now, Thank Me Later

(How to fund a small account)



"How much do you need to start?" The answer that most don't want to hear is \$0 for the simple fact that they need to learn first. Trading is a skill that takes time to develop. Michael Jordan didn't win 6 titles out of nowhere --- it was only after **years** and **years** of training. Now that you're reading this, let's say you have made learning your top priority. You can now formulate a proper game plan, read a chart and have somewhat of an idea of where to buy a stock. You're ready to step up to the plate and make your first trade.

How much tends to be the million dollar question, as most ask "what's the right amount to start with?"

There is no right or wrong answer to this question, and it usually falls under what you can afford to lose. If you could lose \$10,000 start with half of that. If losing \$1,000 will cripple you then don't start with more than that and never trade on margin. Everyone wants to focus on how much they'll make -- however real traders are always focused on their risk and how much they can stand to lose.

So ask yourself right now how much could you afford to lose without changing your day to day life. Now whatever that amount is, start with half. Let's say you can risk \$2,000 for example, then start with \$1,000.

Why start with half?

For two main reasons: If you become a successful trader, 10 years down the road, whatever amount you start with will be undeniably comical. If you fail off the bat and say, "Screw it, this is not for me," well then you'll be happy you didn't blow your wad in one shot. Historically it is very common that untrained traders typically blow up their account on their own without proper guidance within a year.

Our goal is to make sure that you don't fall victim to that statistic. So far we have kept our goal intact, to date we have had zero Alpha members blow up under our watch. I repeat **zero**. We teach and train winners, losers can find the door.

However if you are on your own or winging it, it isn't too surprising how often people get smoked, they are entering the most competitive market in the world with no experience. These newbies are the guys who say they can score against the Patriots because they won a few intramural games in college. Why would one expect to walk into the market with people who own the Patriots and expect to crush hedge funds and people with millions or billions of dollars and decades of experience? The answer is delusions of grandeur.

You start with half the amount you are comfortable losing once you enter the Alpha Chat. The **biggest secret** is the most basic part that most new traders fail to comprehend, which is why so many do not find long term success. They fund their account once and expect this one seed they planted to grow without any water.

The way to grow your account and grow into your buying power is by continuously funding your account on a weekly basis.

The trader with \$1,000 wants \$10,000. The guy with \$10k wants to trade with \$100k and the guy with \$100k wants to trade bars. However, if all of these people jumped up to that magical amount, they wouldn't be used to the fluctuations in their P&L. This is one of the biggest adjustments to the mental game that new traders mentally cannot process. A 1% day with \$1,000 is a mere \$10, you make the jump to \$10,000 overnight. That same 1% move is now a \$100 day and a 1% move on a \$100k account is more than your initial investment. Mentally, most won't be able to handle these new adjustments and are sure to make emotionally driven decisions, aka MISTAKES.

Why do I know this so well? Well we have had a fair share of losses, trust me, we learned this lesson very quickly. The upside of more buying power was great until the lucky streak ran out and we had to pay for those exorbitant losses.

This is why we focus on saving weekly so you can grow into your buying power. Start at \$10 a week, then each week increase it \$1. If that is too small of an amount, start higher. The average Alpha member is saving around \$500 a week that goes into their investment accounts, most started small and worked their way up.

Joe DeFrank started with us 2 years ago with a \$1,000 account, today he has over \$60,000 in his account and saves more than \$1,000 a month. He is saving more a month now than he started with just 2 years ago.

Things are cheap to those who save, dear to those who don't!

By the time you get to the Alpha Chat you will be saving \$100 a week (requirement to get in) and will be working towards \$250 a week.

Setting automatic weekly savings from your checking account into your brokerage account is free and automatically is a must.

You set it up weekly so you don't notice the tiny amount you are saving a week. If you have read anything on Warren Buffet you would be aware that his wealth really didn't compound until much later in his life (or noteworthy compounding).

The same principle applies here. Starting early, regardless how small, will trump the guy waiting until he has that magical \$10,000 or \$100,000 to start since he's not going to know anything and his mistakes will be far more costly than yours.

A loss isn't a loss, it's a lesson

I started doing this years ago, and after \$10 got boring, I upped it to \$20, then \$50, then \$100, then \$200, \$500, \$1,000 a week, etc, etc. Now had I said start saving \$507,000 a year you would say, "*Get the hell outta here!*" That's why we want to crawl before we run. Keep it simple by continuously adding those boring minor increments. Consistency is key.

Doing a good job and building your assets (from saving) is the winning lottery ticket. You have to work hard, progress, and make money every day. Over time you will be in great shape, trust me, it's very hard to find a poor saver.

A general rule of thumb is to be able to save 10% a year of your income to achieve financial freedom (being able to spend 70% of average income in retirement) at the age of 65.

Remember to save more, and thank me later.

What's Next Task

Step 1 - Visit this [link](#) so you can see how much you can have down the road

The image shows a step-by-step financial calculator. Step 1: Initial Investment (\$1,000). Step 2: Contribute (400). Step 3: Interest Rate (8%). Step 4: Compound It (Annually). Buttons at the bottom include CALCULATE and RESET.

Step	Input Type	Value
Step 1: Initial Investment	Initial Investment *	\$1,000
Step 2: Contribute	Monthly Contribution	400
Step 3: Interest Rate	Estimated Interest Rate *	8
Step 4: Compound It	Compound Frequency	Annually

Step 2 - Fill out how much you are starting to invest with

Step 3 - How much you will be saving monthly

Step 4 - Length of years (65 - your age)

Step 5 Put 8% for interest rate(average market returns)

Click calculate

The Results Are In

In **30** years, you will have **\$553,822.07**

The chart below shows an estimate of how much your initial savings will grow over time, according to the interest rate and compounding schedule you specified.

Please remember that slight adjustments in any of those variables can affect the outcome. Reset the calculator and provide different figures to show different scenarios.



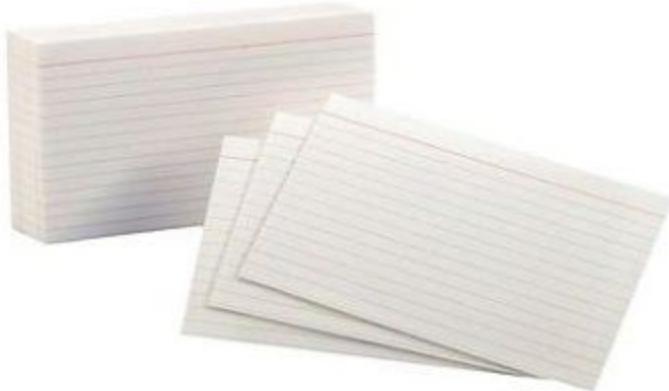
Post the screenshot of your results if you follow this simple plan.

Hint \$100 a week is the requirement to join Alpha

Post Your Answers in the Chat

The Index Card

(How to grow a small account part 2)



Ever have a few trades on and randomly sell X, yet holding Y, and now you're watching Z with no plan? Maybe you've never traded before and you're still confused as to what an index card has to do with investing and trading. Well, just like yellow lines on the road keep us in the lane, or rules in a sport keep the games fair, the simple use of index cards can be very beneficial. With investing you are more than likely on your own to click buttons as you please for as long as you can afford. By setting goals, you help to keep yourself on the road. Call me old fashioned, but I like to actually use a pen and paper. Crazy, right?

Writing stimulates thought. When you put your plan or goals on paper, it somehow feels more real than when it is just in your mind. You can easily share it with a friend, and sometimes a thought running through your mind sounds great! Then once you write it out, you realize how stupid it sounds. There is nothing more expensive to a trader than trying to make something unrealistic happen. There are plenty of studies on human psychology that back up this claim.

No gains without pain

One of the most startling statistics came from a study done by a few Harvard MBAs. This 30 year study measured the income difference in those who made annual business plans versus those who did not. **The study found that those who put together business plans each year out-earned their non-planning peers by over 90% in their career.**

Index Card = \$ goal

If you set a goal, it should meet two conditions:

- 1. It matters**
- 2. You can influence the outcome**

Example: \$1,000 profit goal by the end of the month, which is locked in profits, meaning that you sold the position and realized the gain. Each month you should set a goal to make a certain amount. You put on a position and a week later you sell it for \$100 profit. On the index card you add \$100. Then a week later you put on another trade and make \$63. Add the \$63 and now you're at \$163, so on and so forth. If you want to make it fun, you can tie the goal to a reward. There was a goal I set to buy my Aston, a goal to go on trips, buy a new Rolex etc. Could I have still bought all those things or had those experiences? Of course, however setting the goal and exceeding them made all those things that much more enjoyable and memorable.

\$100 Profit	+\$54 Profit	\$850 New Total
+\$63 Profit	\$516 New Total	\$23 Profit
\$163 New Total	+\$74 Profit	\$873 New Total
+55 Profit	\$600 New Total	\$87 Profit
\$218 New Total	\$23 Profit	\$960 New Total
+\$119 Profit	\$623 New Total	\$90 Profit
\$337 New Total	\$66 Profit	\$1,050 Goal Exceeded
+33 Profit	\$699 New Total	\$20 Profit
\$370 New Total	\$101 Profit	\$1,070 New Total
+92 Profit	\$800 New Total	
\$462 New Total	+\$50 Profit	Goal \$1,000

Big winning streak start with tiny wins (snowball effect)

There are a few things that setting goals, writing them down, and looking at them daily does to people who do them consistently. Eventually you start to move the needle in that direction. One of our members Cris Mora (@cristhianmora on IG) joined two years ago, his first goal was a \$100 day, then it was a \$250 day, then \$500 day, then \$1,000 day, then \$2,000 day. Fast forward 2 years later he had a \$20,000 month in July 2020, in August he locked in over \$40,000. What's even more impressive is that he did all of this while working full time as a school teacher and getting his masters. He felt the \$1,000 day or \$40,000 month would be impossible when he was just starting out but those tiny wins consistently built up over time to some massive results. Shoot him a DM on Instagram and I bet you he has a new goal that's even higher!

What's Next Task

Post a picture in the Group Chat of your index card or your [Trader Sync](#) free account that is another great tool to use to track your trades and PnL.

Post Your Answers in the Chat

Game Planning



Let's first start with the amateur game plan because we have only heard them thousands of times. Here is the general theme; the stock already had a majorly extended run. Usually they have an earnings report in the next 24 hours, or major news where they are fighting the trend (trying to short a gap up or buying a gap down). To professional traders, this is all around day 1, dumb stuff. When we ask what's their game plan is? 99% of the time it's simply to sell at an imaginary price that is higher than where they bought it.

Always have a written game plan

Now it is very true that the chart tells the story. It's just that most amateur traders can't read the story! For this reason, we employ the Odd Lot Indicator which is probably the only indicator that I stand behind and it's quite simple. Amateurs lose money, do the opposite or get away from what they are trading and your odds are greatly increased. What do amateurs

love? Cheap stocks, stocks they can't explain, stocks that get cheaper --- all the things you could not pay us to trade. That is why it is a must to know why you are in a trade and where you will exit. Let's go through two recent gameplans, one that I messed up and one that I did very well with.



We can see a pretty decent level of resistance right? \$22 has been an area of resistance for quite some time and has been putting in higher lows (we like higher lows). Now this is what we call *The Sneaky Buy Buyback* which is when a stock breaks out of a major level as it did in November, only to come back and shake a few people out; just enough to get it off most people's radars before sneaking back up through to new highs. So my Game Plan was as follows :

Entry \$22.01

Stop \$21.24 (below low of pull back and support trend line)

Target \$24+

Let's take a closer look at how I messed up this lay up 10%+ swing trade.



Day 1, the stock looks great. The trade triggers through \$22 on strong volume, closes above the figure, good sign. On day two, we get a little indecision (doji) however it's still holding above the figure, so it's a decent sign. Now I decided to limit my risk with a stop below the figure, limiting my risk from around \$.75 per share in the name, now to around \$.05-\$10 in a trade that can still yield \$2-\$3+. This is where the trade off comes in on limiting your risk but increasing the chance of getting shaken out. I changed the plan and got shaken out for breakeven. Yet it traded just how I planned it. Does it suck to miss the 10% move? A little, however it won't be the first

or last and I lost nothing monetarily. However, I learned a valuable lesson as a result.

Hunt for roses and you're bound to get pricked

Now let's look at a swing where the stock greatly exceeded my initial game plan and tweaking the plan helped me squeeze a ton of juice out of this 30%+ swing.



As you know we are a big fan of major levels of resistance and NBIX was a Mona Lisa on the daily. My Game Plan was as follows :

Entry \$54.01

Stop \$51.89 (prior day's low)

Target \$60+

Average winners, not losers

Now as you can see from the chart above, the green circles are buys and red circles are where I was selling. So the initial buy works great and reaches the target, however I still expected a bigger move. The name started to pull in and hold above \$56. At this point I moved my stop to breakeven and was getting ready to add. I was able to bid into \$58 and then add to my position again up through \$60 a few days later, as the name ripped back to prior highs.

The best traders we know, keep their routine very simple

Now this is the one part you do not want to jump into, holding through earnings. For myself, as a longer term trader I will hold through earnings when I have a big cushion in a name. By cushion, I mean that I bought the stock weeks ago and am up a large percentage in the name. That way, if the stock viciously gaps down on earnings, I am only giving back profit, I can still lose money and this is why we don't allow new traders to hold into earnings.

Now, back to the trade. I was right, I cannot immediately sell just because it gapped up. Let's take a closer look so you can see what I am talking about.



After the dust settled on the earnings day, NBIX continued to creep higher, however it just didn't really have the momentum to break \$72. Each day I was moving my stop up vs the prior day's low. At this point I am up around 37% on the swing and get stopped out for a 35% win that took around two months. After that I took a few more quick trades in it before getting out the day before the last monster leg in it (see that red circle furthest right). Could I have been a cowboy and still been in? Sure, however I took the profits and put them to work in other names while NBIX flagged for another month and a half before going on the next leg. The initial game plan was to make around 10% and by adding to my winner I was able to take home more than 3.5X what I had *planned* to.

Rules are ever changing

You have to take the good with the bad and realize that the stock is going to continue to trade after you get out, it will trade higher than you can imagine, and push lower than you could ever dream. If you think trading is about buying lows and selling tops, you're in for a rude awakening. Game plan, read charts, formulate an A+ set up and execute it. Very easy to look at a chart and say you would have bought here and sold there. It's a much different game once you have to click the button.



What's Next Task

Your goal here is to attempt to formulate a game plan.
Find a stock on your watchlist that you feel is setting up.
Post the daily chart along with the ticker, your entry, your stop, and your target.

Post Your Answers in the Chat

Apple Flash Crash



always top-down weather, even in the rain if you drive fast enough! I'm flying down the turnpike with the heat on full blast and I'm the first to arrive at my trading desk. Most of my colleagues live in downtown Manhattan and have the luxury of rolling out of bed at 8 or so and cruise into our morning meeting. Not me.

It's now 8:30 and we begin our morning meeting where everyone goes through their top idea. There are about 20 or so traders all speaking in turn, pitching different stocks.

"MCD short through 99."

"GILD getting ready to beast, \$103 level is KEY."

"FB looks decent through \$75."

"Fed Minutes are later, risk off."

Then another trader, who we call *Wrench* (Waspy, Napoleon complex & wears a three piece suit to go to the bathroom. Doesn't even take off the vest. You can't trust a man like that) calls out, *"Apple's been strong all week, getting really tight!"* The guy is a tool yet has savage call outs that he always manages to fuck up. I type it up, and it is a thing of beauty. A Picasso of daily charts. A textbook Bull Flag in a name that's been a leader, with amazing fundamentals (ahh just kidding no one cares about that stuff), and you know the company is buying back a ton of their stock. Some would call this an A+ setup. I immediately bought 100 shares.

Now you may be thinking, *"Woah big guy, a whole 100 shares!"* The reason I bought a small piece was to keep an eye on it. I now have some skin in

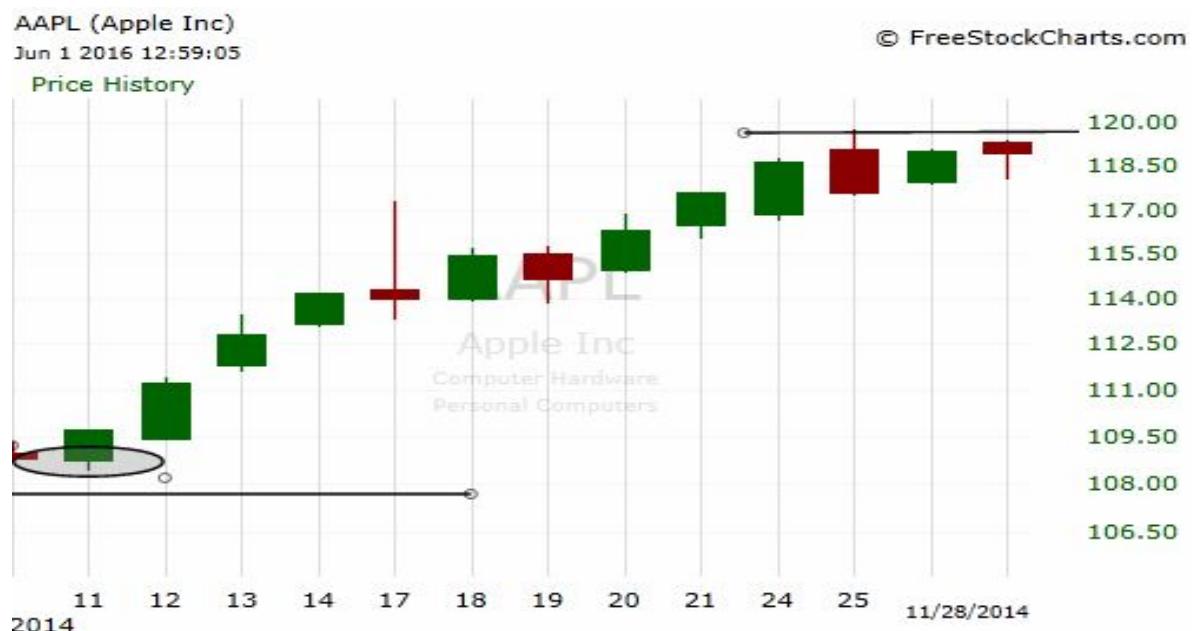
the game, and everyone who trades knows you will watch things more closely when you're holding some. After about 15 minutes, AAPL is trading in a surprisingly tight \$0.15 range from \$108.10 - \$108.25 pre market. From 8:30 to 9:15, while watching every single tick of the tape, I've built into a position of 1200 shares. I see the buyers protecting 108, so I'm building into a position just playing off that \$108 figure, only risking 10 cents on the trade. If I'm wrong, I'm down \$120, but if I'm right, it looks like we're getting Lobster Rolls for lunch!

Minutes before the open, Apple spikes 40 cents. I'm now up \$500 in my position with \$120 risk on the table. Right off the open, Apple starts ripping higher. The quickest buck I've ever seen it move. I immediately put my Sell-Stop in at \$107.99 (as they don't work pre market) and started to throw out some limit-sell orders every half-point above the opening print. It's about 9:35 and my first 100 shares get taken at \$109.24 from my initial entry of \$108.10. Those first 100 shares I paid for the risk of the entire trade. If it dies this instant and my stop gets triggered at \$107.99 I will break even on the trade. Now I'm sitting on 1,100 free shares of Apple stock as it's the strongest stock in the market, a young trader's wet dream.

Now it's around 11am. Most stocks that rally off the open will start to put in highs and begin to pull back, causing traders to feel like they're on a roller coaster. Not Apple today. It just keeps trading higher. I sell another 100 shares in front of \$110 and lock in a \$200 gain. I currently have \$300 of locked-in gains and over \$2000 in open P&L in my remaining 1,000 shares as it trades above \$110! It closed near highs on heavy volume so I decided

to hold onto the 1,000 shares. Cut your losses short and let your profits ride.

Fast forward to the next three days : Apple continues to beast, only trading higher each day and closing near highs. Each day I take off 100 shares into the up move, day 2 I sell 100 shares at \$110.24 for a \$200 gain, day 3 I sell another 100 at \$112.25 for a \$400 gain. At this point in the trade I have sold 500 shares of my original 1200 share position and have locked in some nice profits. My plan was to hold the remaining 700 shares until Apple takes out its prior day's lows (as the chart was telling me that was the proper trail).



As you can see, for over 12 trading days in a row, Apple continued to make new higher lows and kept me in the trade. Everyone on the trading desk would be asking about Apple, half jealous they missed the trade, and the

other half trying to jump in late and ride the trend. I've been both of those types so I can't knock it, trading is a highly competitive sport, I mean job.

After watching Apple like a hawk for 2 weeks, you learn how it trades, you ask any trader about a stock and they will describe them like a person. "*Oh screw Gild, he's so dirty! Always shaking me out before he beasts.*" "*Amazon is the WORST. Every time he looks dead, I short it and it rips my face off.*" are common examples.

When I was asked about Apple, I would keep saying "*I'm long until it takes out its prior day's lows, \$120 seems to have some resistance so we'll see.*" Vague enough but with enough details that I wasn't giving a short answer. If you have ever given a stock tip to a friend you know why, if the trade works, it's because they did it, if the trade fails, it's because you suck.

So back to the trade, I'm sitting on 700 shares from \$108.10 and \$120 is looking like a level of resistance. Being a trader and knowing that if I was not in the stock already, I would be buying the crap out \$120 so I decide to take off 100 shares at \$119 for a \$1,000 gain and will keep the remaining 600 to see if \$120 will break tomorrow.

This is what happens tomorrow for me, aka get screwed!



The “Shoulda, Woulda, Coulda” trader, would say *“If I only sold yesterday I would have cleared \$10,000 in the name”*. We are not those types of traders, I made the decision the day prior to holding my position. Up until this point of the trade, I was a king. I bought 1200 shares of Apple, risked \$.10 (which any trader will tell you, if you're risking \$.10 the trade already failed) and the stock traded higher 12 days in a row. Talk about a perfect storm right? Well isn't it funny how the market can humble you so quickly.

Over the last two weeks I put a sell stop \$.50 below the prior low to stop me out of half my position and the rest I was holding to the grave (not literally to the grave, but back to my price so to speak).

The market opens and Apple starts to trade, nothing out of the ordinary. So my stop is in for the 300 shares and I start to type up other names, when all of a sudden, my P&L starts to fluctuate dramatically. By the time I click back over to Apple to see what is going on, I see my sell stop trigger and now my 300 shares are stopped out (for a \$3,000 gain) most would be happy, except I have no idea what is going on! Apple just flushed over \$2 in a 5 minute span, which is FAST. It sometimes takes Apple days for it to gain \$2, while in 5 mins, \$2 is gone from its share price.

Now I still have a huge cushion of my last 300 shares from \$108.10 except I don't have a plan. This whole time Apple has been a breeze, my plan of stopping below prior day's low and selling into strength was fine when Apple wanted to play nice, but now it's coming to rip my face off.

Not only that, everyone in my trading room is yelling out "*What the fuck is going on with Apple*" "*Should we get short?*" "*What's it trading at?*" "*What's your plan?*" Everyone who has come up to me randomly once a day and asked about Apple are now all shouting at me asking what is going on, and what they should do. While Apple is in a free fall dropping \$1 every minute, it took Apple two weeks, or 98 hours for its stock to increase from \$108 to \$118. In a span of 10 minutes the entire move was erased.

At this point, feeling all the blood rush to my head, and my heart rate double, I blurted out “holding my last to the grave”. Everyone in the room knew my price, so the questions stopped. Now I can focus on the Level 2: nope I can't see anything, it was moving so fast, I couldn't read the tape.

(For all the non day traders out there the Level II is essentially the order book for stocks. When orders are placed, they are placed through many different market makers and other market participants. Level II will show you a ranked list of the best bid and ask prices from each of these participants, giving you detailed insight into the price action.)

The level 2 was moving so fast, it would be like trying to hit a major league pitch with a wiffle ball bat with a blindfold on. The 10 minute flash crash which felt like an eternity, finally started to rebound. After going on a free fall from \$119.50 down to \$111, it started to bounce back and held \$115. The remaining shares at best were worth about a \$3,000 additional gain before the start of the flash crash, and my P&L went as low as \$600 on the remaining 300. When it got back up to \$115, I took the \$2100 gain and closed the book on Apple.

All in all, this was a trade that *Wrench* called out and never even got long at any part in the move while I was able to risk about \$100 in the name and clearing around \$7,000 in two weeks. It was a wild ride and without proper

planning, I would have never been able to have such a great risk reward in the trade.

Have a plan and stick to it.

What's Next Task

Find a stock that had a similar style breakdown after a huge run up, and show how, by using a stop based off the prior day's low of the stock trading, it would have saved you from a huge loss.

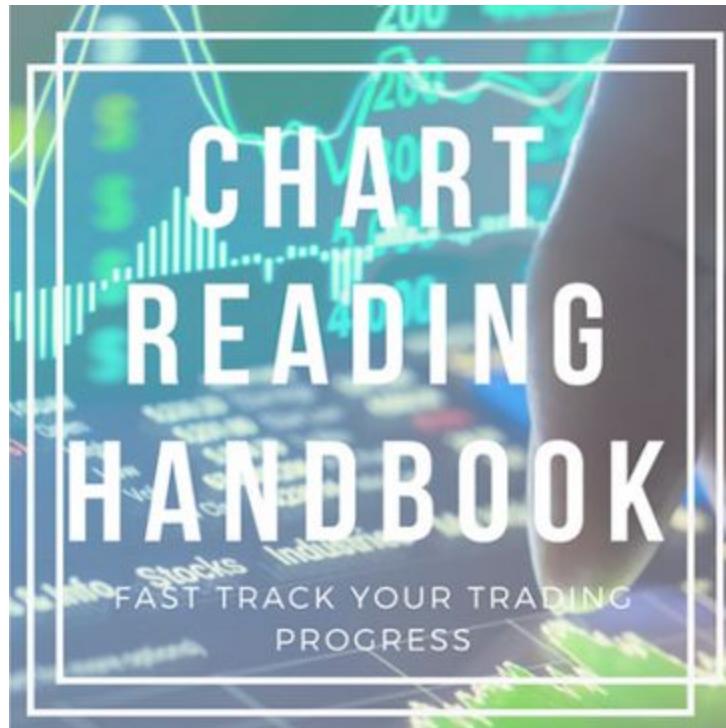
Hint type up some of the names your friends have been talking about, those usually have those rug pull days after all your friends bring up whatever the latest hot stock is.

Post Your Answers in the Chat

You are officially past the 50% mark! Less than 50% to go!

Drop "I'm past the halfway point and I learned" in the What's Next Group Chat!

Chart Reading



Trading stocks is a lot like a beauty contest. What looks best, wins

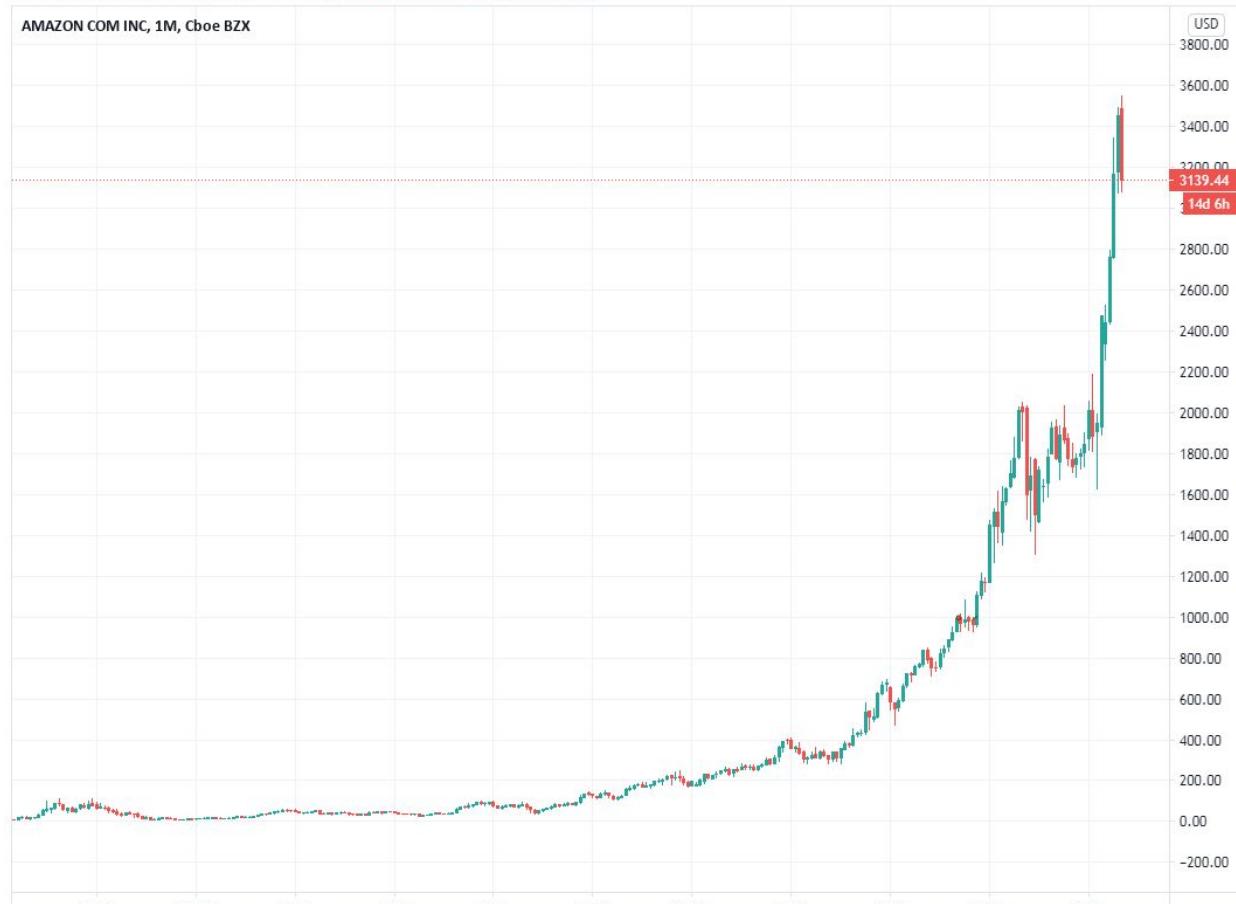
As swing traders we focus on momentum and the longer the time frame the better. We care about the fundamentals as much as you do, which is virtually non-existent, we let the chart tell the story. Now, that's not to say we're completely naive about our stocks. We always know what they do, their sector, when they have earnings, their forward guidance, etc. However, we are not calculating a stock's PE before we buy a breakout. We'll leave the fundamentals to the dumb money day traders who will read

an annual report for two weeks to trade a name for a \$.20 scalp on a 1 min chart.

Swing traders focus on their technical analysis skills and their use of human psychology as their main edge.

Let's test your skills real quick, take a look at a chart below and ask yourself, "*Who's screwed in Amazon?*"

Tradingexperts24 published on TradingView.com, September 16, 2020 14:32:23 UTC
BATS:AMZN, 1M 3139.44 ▼ -16.69 (-0.53%) O:3489.58 H:3552.25 L:3083.98 C:3139.44



TradingView

Now take a minute and read this chart, who is screwed? Is it day traders? Maybe it's swing traders? Or hedge fund managers? Yeah it's them, screw those rich pricks! Now it might be some of them however, do you know who is really screwed? Anyone short, plain and simple. If you are short Amazon, have any put's betting against it at this very moment, you are screwed plain and simple. Now let's try this game again.



(XON changed its ticker to PGEN and is now 60% lower)

Take a minute and think of who is screwed? Virtually everyone long this name is losing money. If you got long on the IPO day and held, screwed. Bought into support? Losing money. Bought breakouts? Losing money. Bought pull backs? Also losing money. Short term swing trader still holding? Losing money. Long term investor? Also losing money. If you bought this stock anytime during the last 1200+ days this name has been public and still have it you are losing.

Virtually 99% of the crowd who bought this stock are losing money. They're all waiting patiently to get out near breakeven. Now on the flip side anyone who is short this stock and still holding is sitting pretty.

Adding to a losing position is one of the best ways to end your trading career

Here are a few rules we live by when it comes to the trades we put on:

- **Average winners-not losers**
- **Never let a winner turn into a loser**
- **Take profits often**
- **Amateurs control the open**
- **Professionals mark the close**

Most amateurs are looking for hype or rumor to get in early as the market opens to get the best price which ultimately leads to faster losses. This is why we tend to let the market settle out for the first 15 minutes to shake the new traders out. You will even see it in the group chat, when someone asks about a stock that has been on a tear, the Alpha chat tends to be net sellers on the news where the newer trader is just looking to get in. Same on the flip side when no one cares about the name flagging because that's boring, the new guy needs volatility, we quietly load up and sell into his excitement. Rinse and repeat.

The market is always right

(Pro Tip : If you are long a stock and it ends at the high of day, it is usually worth a hold, conversely if said stock is selling off and ends at the low of

day, it's usually a big red siren telling you that you're wrong and should be looking for the exit.)

What's Next Task

Find one chart where anyone long is screwed and find a chart where everyone short is screwed and post them in the Group Chat.

For the chart of long's who are screwed, posted a screenshot of the daily chart with the caption “long's are screwed”.

For the chart of short's who are screwed, posted a screenshot of the daily chart with the caption “short's are screwed”.

Post Your Answers in the Chat

Earnings Delight



I was a few months into my rookie year of trading (Trading Experts Member Mo) and was somehow profitable. Looking back at those trades I can see how lucky I was especially since I didn't have a strategy. I didn't know how to scan for charts, had no idea what a bull flag was and definitely did not use a stop loss.

I stumbled upon an article that discussed upcoming earnings. I thought I had struck gold! This was it, my new strategy, buy before earnings and then ride the stock all the way up. Dollar signs flashed in my eyes like Scrooge McDuck.



I became a CNBC, Bloomberg and Yahoo junkie. I read every article that had "Analysts" on it. I had to brush up on my earnings. I had to figure out which stocks I was going to buy and I needed the pro's opinions. To think I was this naïve is wild, but this was the truth. So I did my homework and read all the articles that I could find while watching Fast Money and Mad Money everyday after work.

(Pro Tip: Turn off the TV!)

The week starts off and Cramer is a fan of Adobe. If Cramer is a fan then so am I! I still had a few days to research before earnings were announced. Cramer likes it, ok that's cool but I need some conviction, what does everyone online think about Adobe? They are estimating a beat vs the street forecast. Sign me up, I'm a buyer!

I proceeded to buy 100 shares at \$87 on Friday, earnings were after the close on Monday. Now I'm absolutely excited going into the weekend. I am ready for the greatest TGIM (Thank God It's Monday) of my life. I could not wait for the market to close on Monday. Mind you, at no point was I thinking about the risk involved in this trade. All my focus was on the news and what the analysts were saying. So the market closes and I'm sitting in my cubicle at work impatiently waiting for the report. Adobe's cloud business was extremely profitable that quarter. They shattered earnings. The stock jumped \$10 post market. At this point I'm freaking out, I'm up a cool \$1,000! My studying had paid off. I closed the position the next day and took over my gains, not too bad. My strategy was off to a great start!

Now at the time I felt like a genius and had no clue that this was a random reward. I was boosting my own ego, giving myself unneeded confidence. Running around the office telling people:

"I'll probably quit this job by next year at this rate."

"I won't be around much longer guys, I'll be trading for a living."

I was dumb money at it's finest. Let's move onto my next trade: SONC

Oh man, everyone loves Sonic smoothies. I start Googling the nearest one and how many they had in New England, you know I'm trying to figure out if there is a growth opportunity. I'm sure that's going to come up on the earnings report. What's my boy Cramer saying? Cramer likes it, he's saying he could easily see the stock in the \$50 range. The "Analysts" slapped a "Strong Buy" recommendation on Sonic. They sold me on SONC, done deal.

I bought 250 shares at \$29 the day before earnings. SONC was to report prior to the opening bell. I was at a conference that day and checked my phone "SONC Surprise Beat" read the headline. I am jumping up and

down. The stock is up almost \$3 post market. I put it in a sell order and close the position for a \$600 profit!

2 for 2 the streak continues...up \$1600, easiest money I've ever made. Barely held each stock for a day, I thought I was unstoppable. Two weeks into the earnings season, there were still hundreds of companies left to report. Time to find the next play.

The following week, I'm at Starbucks grabbing a coffee before work and I bump into my boy Jimmy. He starts asking me how the market is going, and we get into a conversation.

Myself (Mo) "*Yea bro, I'm just straight killing this market man, I'm up a nice amount since earnings kicked off. How about you? Are you holding any positions?*"

Jimmy "*I got some TSN, AA, FB but looking forward to Apple earnings.*"
Myself (Mo) "*Apple earnings? Why are you looking forward to that?*"

Jimmy "*Dude they've beaten earnings past 11 quarters and the new iphone is coming, it's guaranteed to beat, I'm holding and I'll probably buy more.*"

I left Starbucks and rushed to work. I checked out CNBC articles talking about Apple's earnings and expectations. Some were negative, others positive...but Jimmy has a position. Comical to think I was caught up in knowing that the kid at work had a position and that influenced my decision. I did my television routine, watching Fast Money, Mad Money, etc. I'm buying, let's roll the dice again, I had a feeling they were going to beat. They beat the past 11 quarters, no chance they miss this one, right? I was in for a wild ride.

It's 6 days before Apple has earnings and it opens up near \$109. It drops to \$108 and for no reason at all, I think this is a great price. I put in an order for 100 shares and I get filled in at \$108.05. The stock closed at \$107 that day so I'm down \$100. Man, \$100 is nothing, after they beat, this stock is going to gap up to \$150 and I'm going to book a nice payday. The next 5 days the stock sells off and by earnings day it is at \$103. Earnings were after the bell and I'm down \$500 in the name going into close. Who cares right? I'm about to be up \$5k as soon as the bell rings.

Ding Ding Ding...The bell rings and my heart is pounding. I'm ready to celebrate. I'm ready for my big bet to pay off. I had all my money riding on the #1 company in the world. I was ready or should I think, I was actually not ready. Apple announced a decline in demand for iphones and a struggle in their China market. Apple missed? They missed???

The stock fell 6% and was now at \$97...I was down a cool \$1100!

Now if you hadn't figured out by now based off my awesome strategy of playing earnings...I was **not** a Trading Experts member yet. I probably had only spoken to Ben three times and one of them was the day I bought Apple.



He asked me which positions I was holding. I told him I had bought Apple that day at \$108, and he mentioned there was nothing significant about the figure I bought. Fast forward to earnings day. I go home and I get a message from Ben.

Ben "*Got out before the close right?*"

Myself (Mo) "*Down over \$1k.*"

Ben "*Do you see why earnings are such a gamble?*"

I wasn't going to argue with the man. He was completely right and I was wrong. Besides how much of a dunce would I sound like if I told him, "*But my friend Jimmy said they were going to beat.*" Yeah well Jimmy wasn't the CEO or anyone significant. Opinions don't matter, the stock doesn't care who you are, Cramer, Jimmy, an analyst, the stock simply does not care.

The stock sold off until bottoming at \$89. I know you're probably thinking why I wasn't adding to bring my price down. It's because all my capital was tied up in the damn stock amongst other bad positions I did not want to take losses on. I was officially a bag holder, down almost \$2k. I held onto the stock for 4 months and finally sold slightly above my price to **make \$63** (remember I was **down \$2,000**). I joined Trading Experts that month and needless to say, I learned my lesson about the earnings coin flip.

Two months later I watched Shake (before I knew who Shake was) buy Apple off an inside day and take the stock for 15 points on a dollar risk. When 2 months prior I was risking 20 points to make half a point.

That is when I realized there was a strategy to the way Trading Experts trade and ever since then I threw everything out the window that I thought I knew. I listened, I asked questions and slowly started to improve. I knew I had found the right people to teach me what I needed to know about trading and how to do it the right way.

All in all, however, I do not regret those mistakes because they were cheap lessons that I learned on my own with no one to blame other than myself. With most things in life, we learn from our lessons, and the joy or success is what keeps us going. Hopefully you can take my word from it and avoid speculating on earnings yourself.

What's Next Task

Post in your group chat a chart of a stock that was recently at highs and got absolutely destroyed after earnings.

Post Your Answers in the Chat

Trading Psychology



Have you heard the term “*conscious competent?*” If you haven't, don't worry you don't need google, we will tell you. Conscious competent is a psychological term that was created in the late 60's that reveals the process that an individual goes through when learning a new skill.

There are 4 main stages:

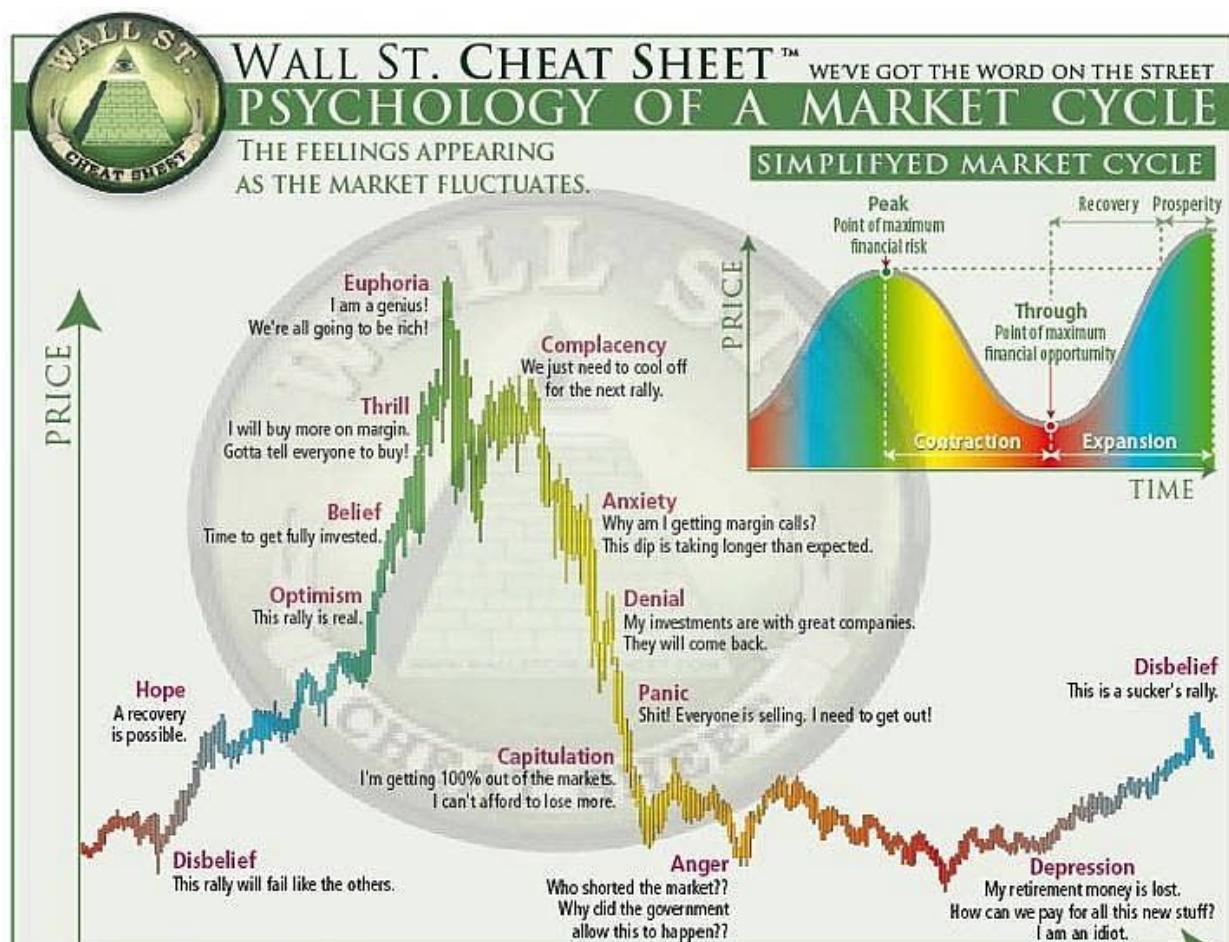
1. Unconscious Incompetence (Dumb Money)
2. Conscious Incompetence (Semi Dumb Money)
3. Conscious Competence (Semi Smart Money)
4. Unconscious Competence (Smart Money)

Let's start at the beginning.

Unconscious Incompetence (Dumb Money) - a person who cannot trade successfully if his life depended on it but doesn't know it. Virtually most of

online investors fit into this category. If the question, "What's your A+ set up," gives you the cold sweats or raises your heart rate, you are in this category for now.

Conscious Incompetence (Semi Dumb Money) - a person who cannot trade successfully and knows it (takes a bit of balls to admit). This person knows he should seek education and knowledge before proceeding. If you read **Getting Started** and made it this far, yet still cannot confidently explain your A+ set up you are probably in this category. Patience, young blood, patience.



Conscious Competence (Semi Smart Money) - a person who can trade successfully by formulating and following his plan. Many are confused into thinking they are in this phase when they are a part of a bull market or bubble. Think of all the crypto gurus on the way up to \$19,000 screaming from the rooftops that they would eat their limbs if it didn't go to \$100,000. After the 50%+ pull back most have gotten real quiet. These traders still seek to improve their tool belt and improve their trading. (Our goal is to get you to this level by the time you make it into the Alpha Chat.)

Unconscious Competence (Smart Money) - this is the person who can trade successfully and consistently on pure instinct. We often refer to this as trading in the zone, traders who know themselves well, know their weaknesses and exploit them. They understand the psychological influences of their thinking. This is where traders strive to be however only around 1% reach this level of consistency (this stage you will have to get to own your own.)

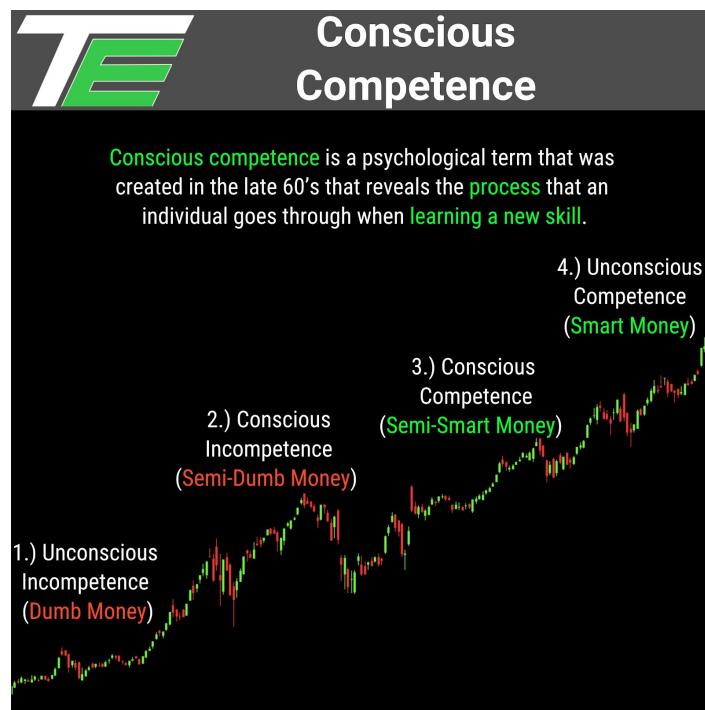
Be humble and admit mistakes

There tends to be this allure of quitting your day job to be a trader which may be the dumbest thing one could do. Other than the extremely high failure rate of a trader. Depending on just PnL to support your lifestyle is a fool's errand. Most do not realize that they can easily do more than one

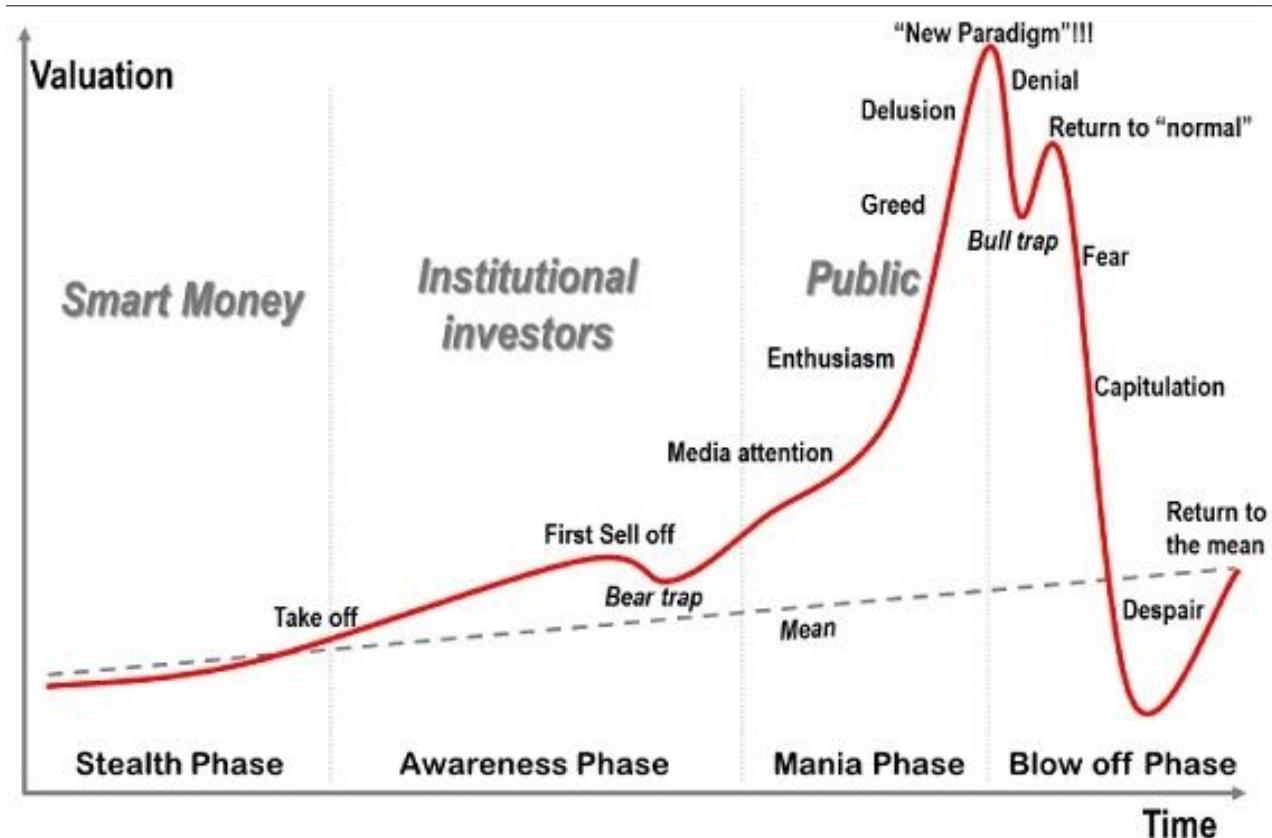
thing in a given day. If your job isn't saving lives 24/7, I'm sorry to burst your bubble, you most certainly can work full time and still invest.

Trust me.

Or you can buy in the parlor trick; quit your job, sit down in front of the screen like the taxi cab drivers and bartenders did during the dot com bubble, and be right back at those same jobs less than a year later. Here is an inside tip, more time in front of your computer does not increase your PnL. As a swing trader, when holding for the big picture move, checking your positions a few times a day is all that's needed. You more than likely spend more time on social media now anyways than you would ever need to to manage a few positions.



What's Next Task



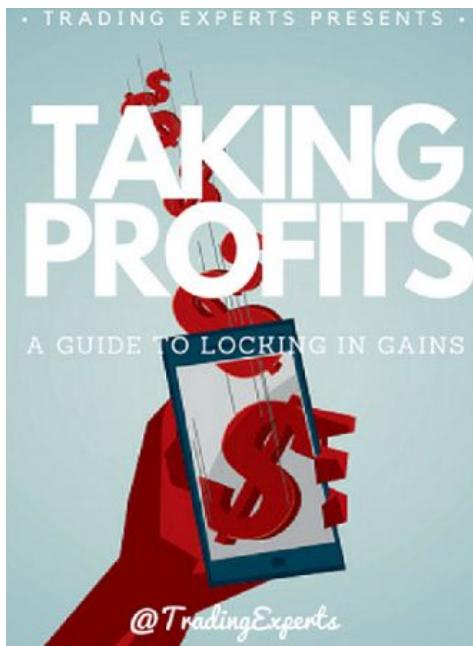
Try to find a chart that looks like this and post it in the group chat with the caption 'Bubble Talk'.

Post Your Answers in the Chat

Keep up the consistency, only 25% left to go! Let's hear it in the chat
"I only have 25% left to finish What's Next, I will complete it by (insert your deadline)!"

Taking Profit

(How to grow a small account)



Back in the lesson *The Index Card*, we went over why goal setting is vitally important in life and specifically, trading. Now we are about to reveal a secret on how to focus on the big picture and increase your profits.

Having a P&L goal for the day, week, month and year is important however what is more important in each individual name are the percentages you make in them vs the percentages you risk in each trade.

The percentage goal is more important because anyone with a little money in their account can throw up big P&L. However no matter how much money you have, making 30,40,50, 100% in a name takes a little more than just luck. That is why we focus on the percentages. Most standard index cards have around 11 lines on them. I set mine up as follows: Starting with a 5%+ line, 7%+, 10%+, 15%+, 20%+, 25%+, 30%+, 35%+, 40%+, 50%+,

and finally 100%+. Now when you're starting out, it might be easier to start a little smaller, for example 1 to 11%+ as you can see below. Then after you start to check those off, you can keep increasing those same goals as you progress (walk before you run).

Index Card = % goal

1%+	BAC 1.5%
2%+	DE 2.4%
3%+	CAT 3.1% FLIR 3.4%
4%+	AMZN 4.1% BLK 4.6%
5%+	
6%+	
7%+	AA 7.9%
8%+	
9%+	
10%+	NBIX 10.1%
11%+	SHAK 15%

Learn to lose (small)

For a shorter term goal setting perspective, this is as simple and effective as possible. Now the highest achievers not only physically write down their goals, they show their goals to someone they trust. The people who do that are most likely to achieve them. If you have balls, state a goal you have in the Group Chat or PM a mentor.

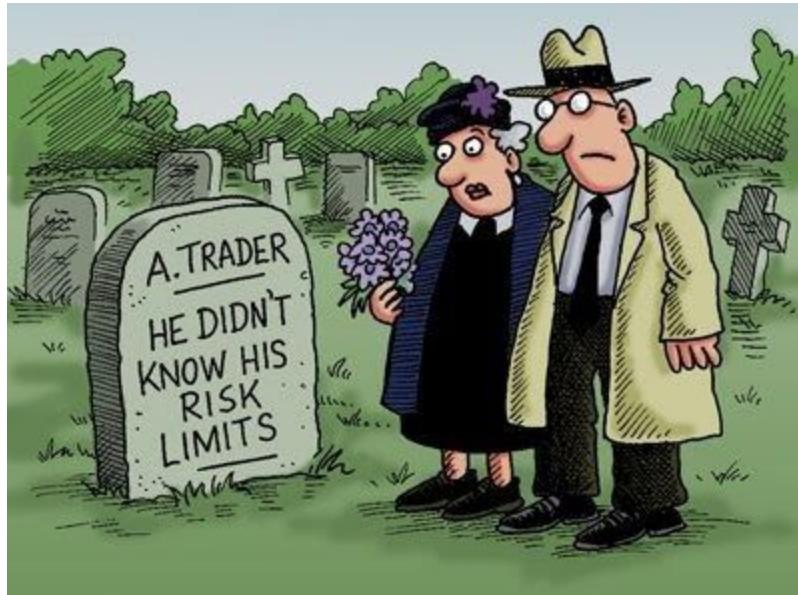
What's Next Task

Post a picture in the Group Chat of your index card to keep track of your percentage gains.

Post Your Answers in the Chat

You are almost there, just 10% left and you will be passing the finish line!

An \$80,000 loss in 48 hours



Earlier you read about the loser who pissed away \$250,000 on penny stocks, where we watched him rid himself of the last chunk of his life savings. With *Mr. \$80k*, it's a similar true tale however, there is a twist that we normally do not come across with these losers. *Mr 80k* is a rare breed and we felt we had to let you step into his shoes for a few minutes and learn from his costly mistake.

Now we come across penny stock losers all day long and we crush them in 1 to 2 responses before they run and go hide under the "**so and so is rich from it**" (yet it's never them). However with *Mr. \$80k*, he realized how dumb he was and hit on virtually every major mistake a new trader makes when lighting there money on fire. Buckle up because you are about to experience what it feels like to lose a brand new Porsche 911 in 48 hours.

January 3, 2018 at 9:43 PM

Replied to your story



Lost \$45k today on SGMD

Wow you lost money in a penny Stock? Shocking

The first red flag that someone is full of it is when they throw around perfect numbers like "***I made \$100,000 yesterday***" or in this case "***lost \$45,000 today on SGMD***" (in said dog shit penny stock). I have seen this thousands of times and I am not convinced. A moment later he sends over a screenshot of his portfolio with pride.

(Always interesting to see someone brag about pissing away their money.)

Portfolios

Individual Brokerage -1583

Standard View

Market Value **\$171,920.48**

Total Gain	-\$25,452.32(-16.81%)		
Day's Gain	-\$40,261.12(-18.97%)		
Cash	\$45,993.02		

[View -1583 News ▶](#)

Symbol ▲	Last	Day's Gain \$	Total Gain \$
CTNXF	0.2172	-\$49.56	-\$88.11
FB	183.751	\$233.10	\$575.15
GPOR	13.525	\$89.84	-\$2,405.06
MDVX	0.59	-\$119.60	-\$619.95
MU	44.615	\$236.25	\$634.65
SGMD	0.275	-\$40,800.00	-\$22,239.15
SHOP	107.0302	\$70.85	-\$65.06

Real Time Quotes
12:13 PM EST 01/03/18

As you can see he was not kidding. He bought the tail end of the pump and is learning an extremely costly lesson. Now take a peep at his portfolio, (it's now 12/13/2020) let's recap where these cheap and expensive are.

Cheap Stocks = all down 99.99 to 100%

GPOR - down 99.99%

SGMD - down 99.99%

CTNXF - No longer exists, 100% loss

MDVX - No longer exists, 100% loss

Expensive Stocks = All up 50-800%+

SHOP - up 887%

FB - up 50%

MU - up 59%

From the expensive bunch, the max upside has been a **800%+ gain**, while the worst expensive stock is still up 50%.

You play in the cheap sandbox with \$1,000 and it's gone, you play in the expensive sandbox and that \$1,000 could be worth more than \$8,000 today.

Let's show you some more red flags from Mr \$80k.



That was before close



You like throwing money out the window?

Haven't sold



Sounds like every penny Stock buster

Lol



You do know your going to be down a lot more tm right ?

I suspect it

I'd bet on it

Red Flag #1 - “**Haven’t Sold**” When you have a **winner** this tends to be a **smart play**, yet when you have a **loser**, it’s a **career ender**. Let’s move on as *Mr \$80k* to see how he is screwed four ways to Friday.



Taking home a loser is like chasing grenades

We started the convo on that big red bar from \$.40 to \$.27 where I told him to get out because anyone with even kindergarten level technical analysis skills could tell you a monster bearish engulfing bar closing at the low of day is asking for continued selling pressure the following day. He's so wrapped up in the story of this loser that he still thinks strippers like him for his personality.



I realized \$30k last year

And you lost \$40k in 8 hours...

Red Flag # 2 - **Rationalizing poor behavior**, he did something smart in the past so he can be dumb now. Update no less than 12 hours later, he ended up losing **\$80,000**. What took him a year to make, he lost almost 3 years of gains with 1 stupid mistake in less than 2 days. This is the primary reason why penny stock losers fail. Sure you can brag about your little 100% gainer, however all it takes is 1 loser to take you out of the game. Want to guess how many stocks we traded that went to \$0 in the past 10 years? 1, which was GM and it took 2 years for it to die.



I'll have to not sell this till I'm even or up but I'd like to learn more

That's not happening



I win in everything I do except trading lol

Red Flag # 3 - “***I will not sell until breakeven***” is the nail in the coffin, when you’re getting lighting money on fire, there is this weird assumption it will come back to life. On the flip side, when you’re holding a winner and say “*I’m willing to give it back to my price*” take the profit.

Red Flag # 4 - “***I win in everything else***” that's nice to think but no one cares, leave your varsity jacket at home because you're not even the waterboy in this game.

January 4, 2018 at 9:35 AM



Damn I can't get out. Keeps tanking and order won't take :(

Learning the lesson of liquidity
no one wants to buy what's going to zero

Crap so I have no way out? I'm physically sick at this point.

This is the lesson that the cocky penny stock picker does not learn until it's too late. We have all heard the penny stock trader brag about his tight risk trade, yet stops don't work. When they're dropping 40% day after day and there is no one looking to buy the trash they are trying to sell, they learn the lesson of liquidity.

Avoid chaotic stocks, trade liquid ones.

Think of an auctioneer trying to sell a painting in a room that's empty. When there are no buyers, it's worthless. We could throw around 1,000 shares in the names we trade with ease because there's actually a market for them. Even when crap hits the fan, you can get out. In penny stocks that old thing called liquidity is a dish served cold.

Crap so I have no way out? I'm physically sick at this point.

Fml

Won't let me market on a penny

E*TRADE

Oh snap the market out took

Fawk

I think I lost \$80k

Talk about the difference a few days can make. Had *Mr \$80k DM'd us just two days earlier*, we could have gotten him out of that piece of trash for a papercut. However this was a lesson that he had to learn the hard way and for now he is completely done with penny stocks.

The loser in the first story is still in fact a loser, I followed up with him which is now a year later and the guys is still a bum and salty about pissing away \$250k losing in penny stocks. *Mr \$80k* took the prison style ass kicking like a man and after closing out all his loser positions we could hear the calmness in his voice. He is now free from the dog shit. Now granted he wanted to go right back to making that \$80,000 back which is Red Flag #5.

After a huge psychological loss like that, time heals the wound, had he gone back into this game with no skills and a bleeding account, he would be wiped out clean. He is now under our watch and all of his money is in cash, he is not allowed to invest a dollar until we say so. He needs time to learn the simple lessons and to build back his confidence.

A loser wants to make back a loss. A trader takes it as a lesson and focuses on the bigger picture.

What's Next Task

If you have gone through a similar painful trading loss, share the story in the Group Chat and what you learned from it.

Trust me everyone has had their share of mess ups so do not be embarrassed.

Post Your Story in the Chat

The Secret



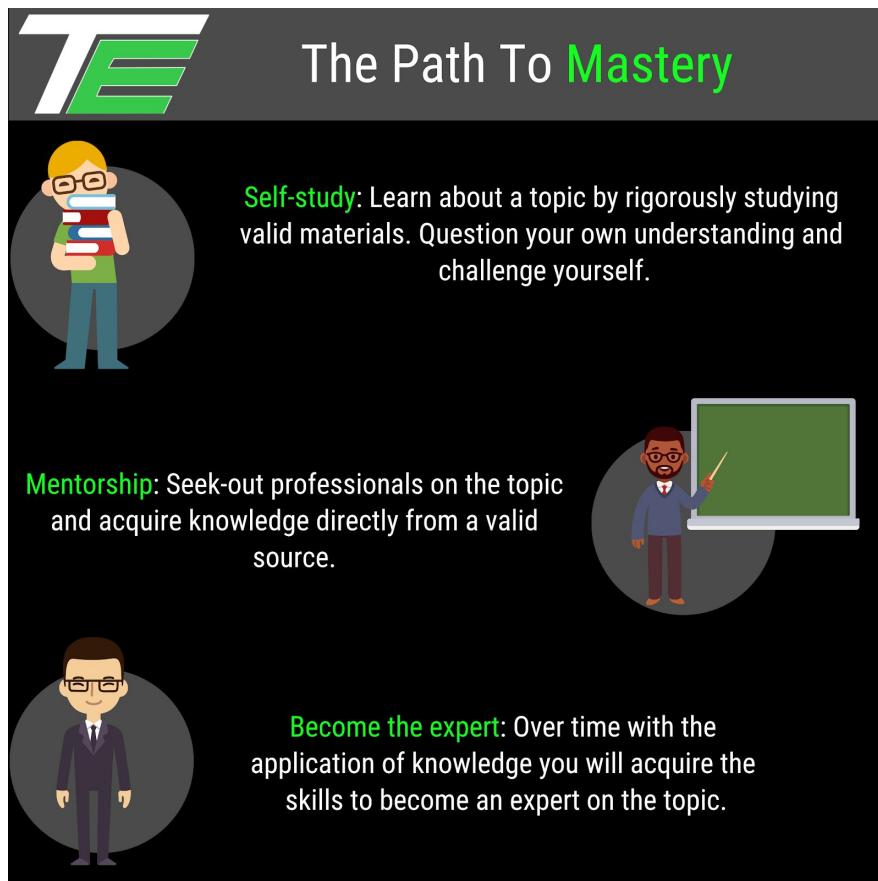
The statistics you may have heard are very true, only around 10% of people who engage in trading tend to be successful. This same percentage of people tend to make a decent amount of money, while the other 90% are casualties of war. You might say this is unfair, however in life you tend to see this more often than you'd think.

Have you ever been in a class full of 'A' students? I've been to M.I.T. and Harvard (parties) and there are still some losers and D students in the punch bowl. In the markets though when you have the 10% being a circle of traders like Steve Cohen buying \$120 million dollar painting on a Wednesday just for kicks, it tends to cast a greedy shadow.

Now you might be thinking that it's a big sham and the 10% set the game up where they can't lose. This is just not true. What is true is that the market is so pure that it has a powerful self cleansing mechanism where it rids itself of the losing party.

The ill prepared gone, the broke gone, the over-trading trader gone, the no game plan gambler gone, the hot tip chaser gone, the contra trend gap trader gone. The ones who survive, survive for one reason. They know their strategy and adapt to new market conditions. They tweak it, enhance it, learn from the markets day in and day out and are forever students of the market. Plain and simple.

We're looking for progress, not perfection.



Final Task to move up Semi Smart!

Trading Experts 10 Step Challenge To The Alpha Chat



Answer these questions below that you tried to answer when you started *What's Next* and let's see how much you have learned!

Why do we buy stocks?

What is support?

What is resistance?

How are you growing your account?

What is your A+ set up?

Bonus Question - Let us know a topic that you would like for us to cover in our next program.

Post in What's Next Chat “I completed What's Next and I am ready for Semi Smart!”

Once a mentor reviews your answers, they will move you up into Semi Smart!

If you have found value in these lessons drop us a nice [review](#)

