



STOCKMARKET MASTERY

Your Trading Club Online Course
Module 8





Module 8 – How to use Tradingview

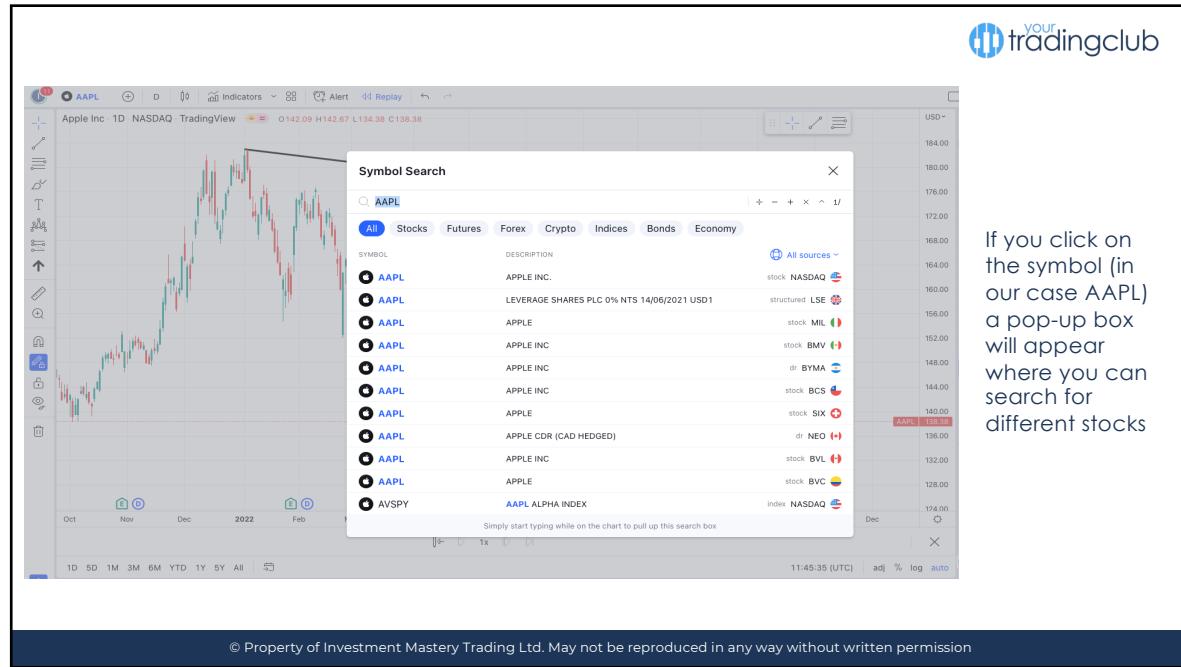
Dennis Sahlström



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Module 8 – Asset Allocation

Dennis Sahlström



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Where do we want to invest our money?



Indices

- DOW Jones
- S&P 500
- DAX
- FTSE

Risk

Volatility

Profit

Sectors

- Energy
- Finance
- Healthcare
- Industrials
- Tech

Commodities

- Gold
- Silver
- Oil
- Wheat
- Palladium



Blue Chips

Penny Stocks

- Small marketcap.
- Brand new issues floating on the stock market

IPO's

- Brand new issues floating on the stock market

Risk

Volatility

Profit

Can the stock go to Zero?

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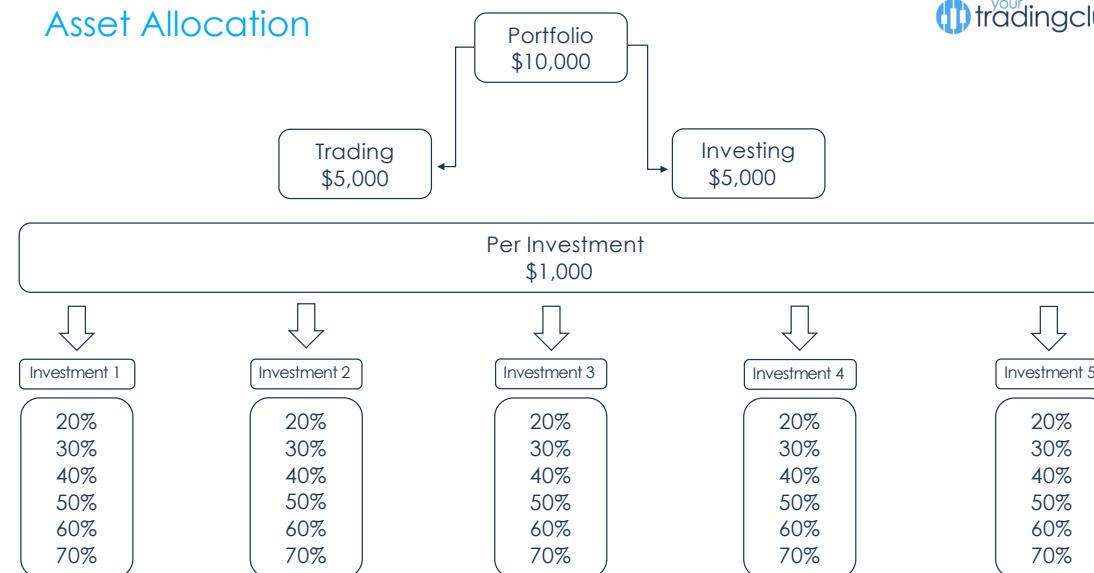
1. What is our risk tolerance per investment?
How much money are we willing to invest in each company

2. What sector do we invest into?
With the VCA strategy we want to make sure not only we are investing into the strong companies but that we are diversified into different sectors

3. How many entries are we going to have?
With the VCA strategy we then need to distinguish are we splitting our money over 4 entries (50% calculator) or 6 entries (70% calculator)

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Asset Allocation



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- We have calculators we can use for 50 – 90% drops
- To work out if we want to use the 50% calculator, we want to see the following 2 things:
 1. Average drops over the past 5 years are above 50%.
 2. The company is fundamentally strong
- If the stock does not meet both criteria above, we want to use the 70% calculator

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Average drop calculation



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VCA Calculator



VCA Calculator Strategy My Strategies My Alerts

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Stock **AAPL**

Currency **USD**

LIVE STOCK PRICE

\$134.76

\$1.35(1.01%)

Current High **157.5**

Your Investment **2000**

6-70%

CALCULATE

Entry Levels	Entry Price	Investment	Percent of The Total Amount	Number of Shares You Buy	Accumulated Amount of Shares	Average Share Price	Sell After 15%	Sell After 20%
-20%	\$126.00	\$178	8.88%	1	1	\$126.00	\$144.90	\$151.20
-30%	\$110.25	\$222	11.10%	2	3	\$115.50	\$132.82	\$138.60
-40%	\$94.50	\$278	13.88%	3	6	\$105.00	\$120.75	\$126.00
-50%	\$78.75	\$347	17.35%	5	11	\$93.07	\$107.03	\$111.68
-60%	\$63.00	\$434	21.69%	6	17	\$82.46	\$94.83	\$98.95
-70%	\$47.25	\$542	27.11%	12	29	\$67.89	\$78.07	\$81.47
Total	2001	100%	29					

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Module 8 - VCA fundamentals

Dennis Sahlström



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What are fundamentals?



- A stock's fundamentals are the factors that are thought to contribute to the underlying company's value or worth as a business.
- Fundamentals can include measurable, quantitative data (like cash flow and debt-to-equity ratio) and qualitative, situational factors (like business model and competitive advantage).
- The main outcome from doing fundamental analysis is to identify stocks which are safe to invest into, stocks with high growth prospects and also to help us distinguish between which stocks are better to invest into compared to other.

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Company fundamentals are financial metrics used to analyze a company and assess its financial health and performance, helping investors make better investment decisions.

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What are the fundamentals we look for in VCA?

- Market cap = More than 10 billion
- Income = Positive
- PEG = Below 1
- Debt/Equity = Below 0.35
- EPS next year = 10% or more
- EPS next 5 years = 10% or more
- Institutional ownership = Above 60% and below 90%
- ROA = 5% or more
- ROE = 5% or more.

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Module 8 – 5 Steps to VCA

Dennis Sahlström



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5 steps to the VCA strategy



- Step 1 – Find an asset to invest into (Diversification)
- Step 2 – Find the current high and work out your entries
- Step 3 – Asset allocation
- Step 4 – Placing the trade
- Step 5 – Managing the trade

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Step 1 – Find an asset

- When it comes to VCA investments we want to make sure we invest into the fundamentally strong companies using the VCA criteria
- Remember we want to make sure the companies are diversified into different sectors

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Step 1 – Find an asset



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Many product lines and are a global company

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What do we look for?

- Proven track record
- Future growth potential
- Valuation
- Strong balance sheet
- Cannot go to zero in the next year or so

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Step 2 – Find the current high

1. To do this we want to first see a 1-year view of the stock price movement
2. Mark out all the lows during that 1-year period
3. Measure from the low price to the high price (measuring left to right) until you find a 20% recovery or more.
4. If you find a 20% recovery, then that high will be your current high

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Step 2 – Find the current high



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Step 2 – Find the current high



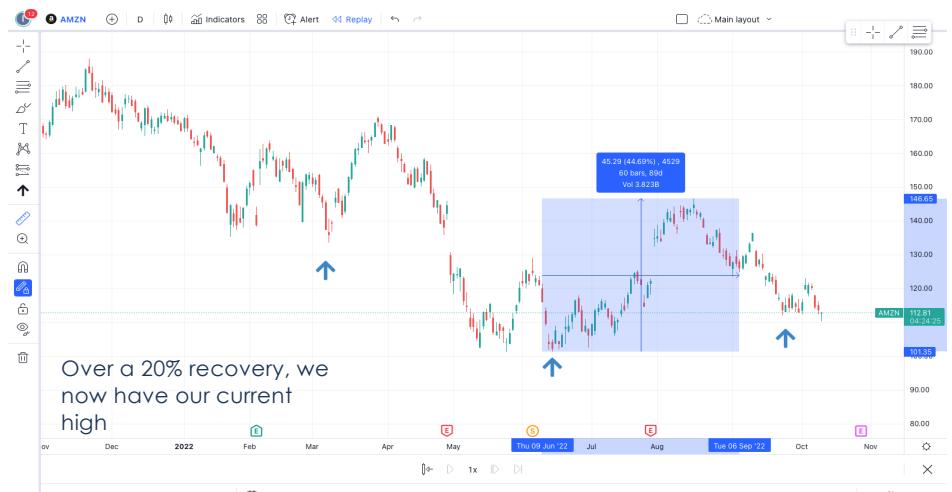
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Step 2 – Find the current high



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Step 2 – Find the current high



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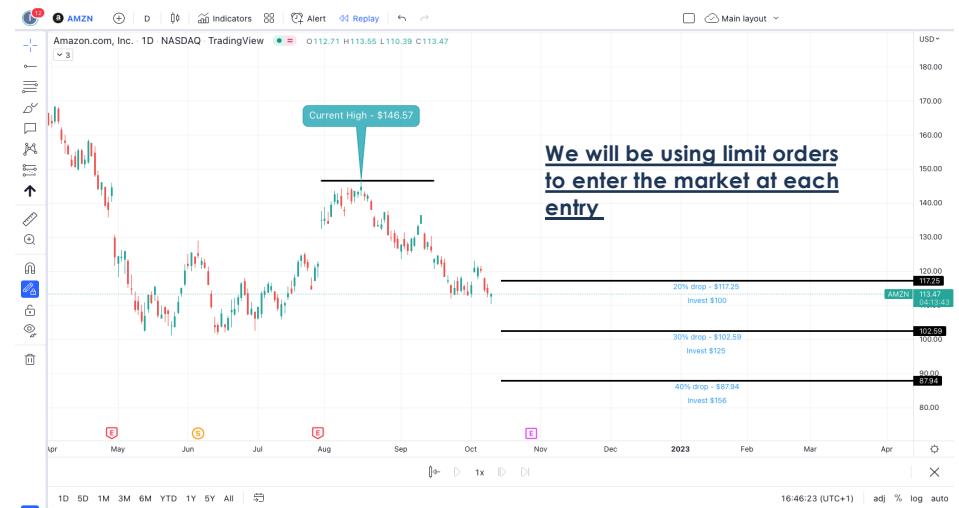
Step 2 – Work out your entries



- With VCA we will be entering at a 20% drop from the current high
- Our next entry will be 30% drop from the current high while adding 25% more money than our previous entry.
- We always work out the drops from the current high and never from our previous entry

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Step 2 – Find the current high

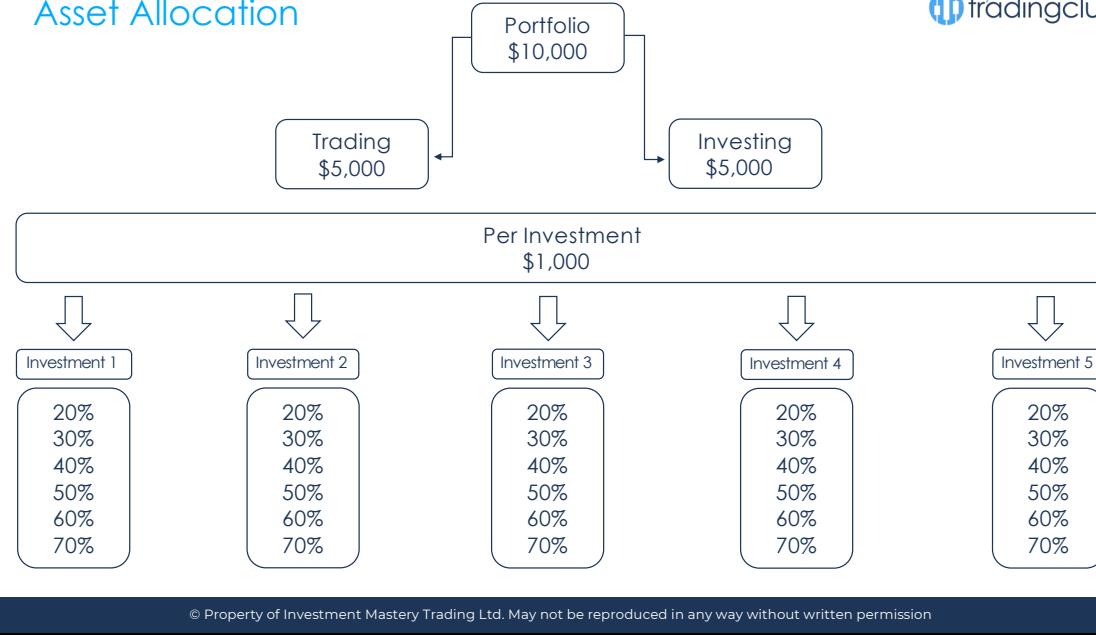


Step 3 – Asset Allocation



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Asset Allocation



50% drop calculator



VCA Calculator Strategy My Strategies My Alerts

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70% drop calculator?



VCA Calculator Strategy My Strategies My Alerts

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Step 4 – Placing your order



Order type 1 – Limit order

If we see that the stock is currently trading above our entry price, then we will want to place a limit order

Order type 2 – Market order

If the stock is currently at, or below, our entry price, we will then use a market order

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Step 4 – Limit order



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Step 4 – Market order



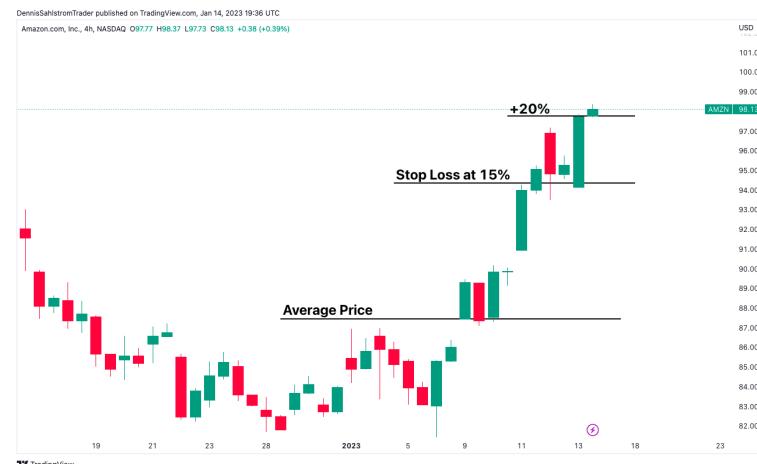
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Section 1 – Making sure you are liquid enough to fulfil all your limit orders.

This is why we focus heavily on asset allocation in step 2

Section 2 – Making sure we use as stop loss to lock in profits.
When we are 15% in profit from our average cost, we will
then, for the first time, add a stop loss at 10% from the average
cost

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