

*Anthem Financial Club*



## GROWTH STOCK INVESTING

Everything in life takes "time, energy and or money" so does this

Where are we in the economic cycle?

What trends do you see in the economy, people's behavior

Or are you "following the money" (ie government spending)

Invest in what's probable not what's possible (be the casino not the gambler)

How did you hear of this stock? i.e are you the first one to the party or the last?

What do the stocks of the competitors look like?

Know your local stocks

Whenever you buy a growth stock write down the:

WHY (growing business, increasing profits, new technology, consolidating the business, etc)

Your expectation: "20% gain and I am gone", "it's the next amazon". "keep it as long as the economy is good", etc

Potential risks (competition, economic recession, market expectations are too high, companies economic structure, product replacement, inflation, interest rates, etc)

1. Charting
2. Companies growing their business
3. Companies creating new business
4. Companies consolidating a business, creating economies of scale
5. Combo
6. Exit strategy

### A. Charting

- a. You don't care what they do, their business prospects or valuation
- b. Charts are a self-fulfilling prophecy
- c. 100's of technical indicators to look at:
- d. New Highs
  - i. Tend to run as there are fewer sellers, no one has a loss, no one waiting to get back to what they bought it at to finally sell.
  - ii. Look for a sustained increase in volume
  - iii. Tend to see this happen throughout a sector
  - iv. Know the "why" so you can know when to sell
- e. Break out from a range, not a new high

- i. Almost always breaking out because of increased volume
    - ii. Look for prior resistance pricing
  - f. Break out from a moving average
    - i. Tend to be shorter term moves unless you have new high of breakout from a range
  - g. See examples
- B. Companies growing their business
  - a. Earnings follow revenue, so best to look at revenue growth for growth stocks, not earnings growth.
  - b. Is this company specific or industry wide (if oil goes to \$100 a barrel than almost all oil stocks do well, report increased revenue)?
  - c. Is this a consumer trend (pet care)
  - d. If the product is successful is a larger company apt to simply buy this company or decide to compete ( MNST, FIZZ KDP )
  - e. Does this company have a technological advantage? For how long? APPL i-phone in 2004, TSLA in 2019,
  - f. If profits are too good that attracts attention, maybe competition, maybe buy-out
- C. Companies creating a new business
  - a. Prior examples Solar, Ring, Netflix, Sirius radio, food delivery, Uber, online sports betting/gambling
  - b. Even new business' are taking business from someone else Ubar took form taxi cab business, Ring from ADT, etc. how will those companies react
  - c. This segment is the contradiction to "Invest in what's probable not what's possible"
  - d. Expect a lot of price volatility
- D. Companies consolidating a business, creating economies of scale
  - a. VCA, SCHW, AMZN for grocery, WMT,
  - b. Usually these are already large companies that are buying up, or destroying weaker competitors.
    - i. Pseudo monopolies
      - 1. Trash, airlines, railroads defense contractors
- E. Combo
  - a. Use charts, to verify growth story. Or choose great charts that also have a great growth story
- F. Exit Strategy
  - a. What was your initial goal? Expectations? Reason for buying?
  - b. Is it a date, a friend, or a life partner? (see other handout)
  - c. #6 As long as a stock is acting right, and the market is right, do not be in a hurry to take a profit
  - d. Tree Trimming
  - e. Pull weeds
    - i. You wont be right 100% of the time. Its like planting a garden, some things flourish some die.

# Highest/Lowest Expected Values By Quad Regime

HEDGEYE

Quad 1: Goldilocks	Quad 2: Reflation	Quad 3: Stagflation	Quad 4: Deflation
<b>Best Asset Classes:</b> Equities, Credit, Commodities, FX	<b>Best Asset Classes:</b> Commodities, Equities, Credit, FX	<b>Best Asset Classes:</b> Gold, Commodities	<b>Best Asset Classes:</b> Fixed Income, Gold, USD
<b>Worst Asset Classes:</b> Fixed Income, USD	<b>Worst Asset Classes:</b> Fixed Income, USD	<b>Worst Asset Classes:</b> Credit	<b>Worst Asset Classes:</b> Commodities, Equities, Credit, FX
<b>Best Equity Sectors:</b> Tech, Consumer Discretionary, Materials, Industrials	<b>Best Equity Sectors:</b> Tech, Consumer Discretionary, Industrials, Materials	<b>Best Equity Sectors:</b> Utilities, Tech, Energy, Industrials	<b>Best Equity Sectors:</b> Consumer Staples, Utilities, REITs, Health Care
<b>Worst Equity Sectors:</b> Utilities, REITs, Consumer Staples, Financials	<b>Worst Equity Sectors:</b> Telecom, Utilities, REITs, Consumer Staples	<b>Worst Equity Sectors:</b> Financials, REITs, Materials, Telecom	<b>Worst Equity Sectors:</b> Energy, Tech, Industrials, Financials
<b>Best Equity Style Factors:</b> High Beta, Momentum, Cyclical, Secular Growth	<b>Best Equity Style Factors:</b> Secular Growth, Momentum, Growth, Small Caps	<b>Best Equity Style Factors:</b> Secular Growth, Momentum, Mid Caps, Low Beta	<b>Best Equity Style Factors:</b> Low Beta, Dividend Yield, Quality, Defensives
<b>Worst Equity Style Factors:</b> Low Beta, Defensives, Value, Dividend Yield	<b>Worst Equity Style Factors:</b> Low Beta, Value, Dividend Yield, Defensives	<b>Worst Equity Style Factors:</b> Small Caps, Dividend Yield, Value, Defensives	<b>Worst Equity Style Factors:</b> High Beta, Momentum, Cyclical, Secular Growth
<b>Best Fixed Income Sectors:</b> BDCs, Convertibles, HY Credit, EM & Debt	<b>Best Fixed Income Sectors:</b> Convertibles, BDCs, Preferreds, Leveraged Loans	<b>Best Fixed Income Sectors:</b> Munis, EM & Debt, Long Duration Treasuries, TIPS	<b>Best Fixed Income Sectors:</b> Long Duration Treasuries, Medium Duration Treasuries, IG Credit, Munis
<b>Worst Fixed Income Sectors:</b> TIPS, Short Duration Treasuries, MBS, Medium Duration Treasuries	<b>Worst Fixed Income Sectors:</b> Long Duration Treasuries, Medium Duration Treasuries, Munis, IG Credit	<b>Worst Fixed Income Sectors:</b> BDCs, Preferreds, Convertibles, Leveraged Loans	<b>Worst Fixed Income Sectors:</b> Preferreds, EM Local Currency, BDCs, Leveraged Loans

Inflation ↓

Growth ↑

Inflation ↑

Growth ↑

Inflation ↑

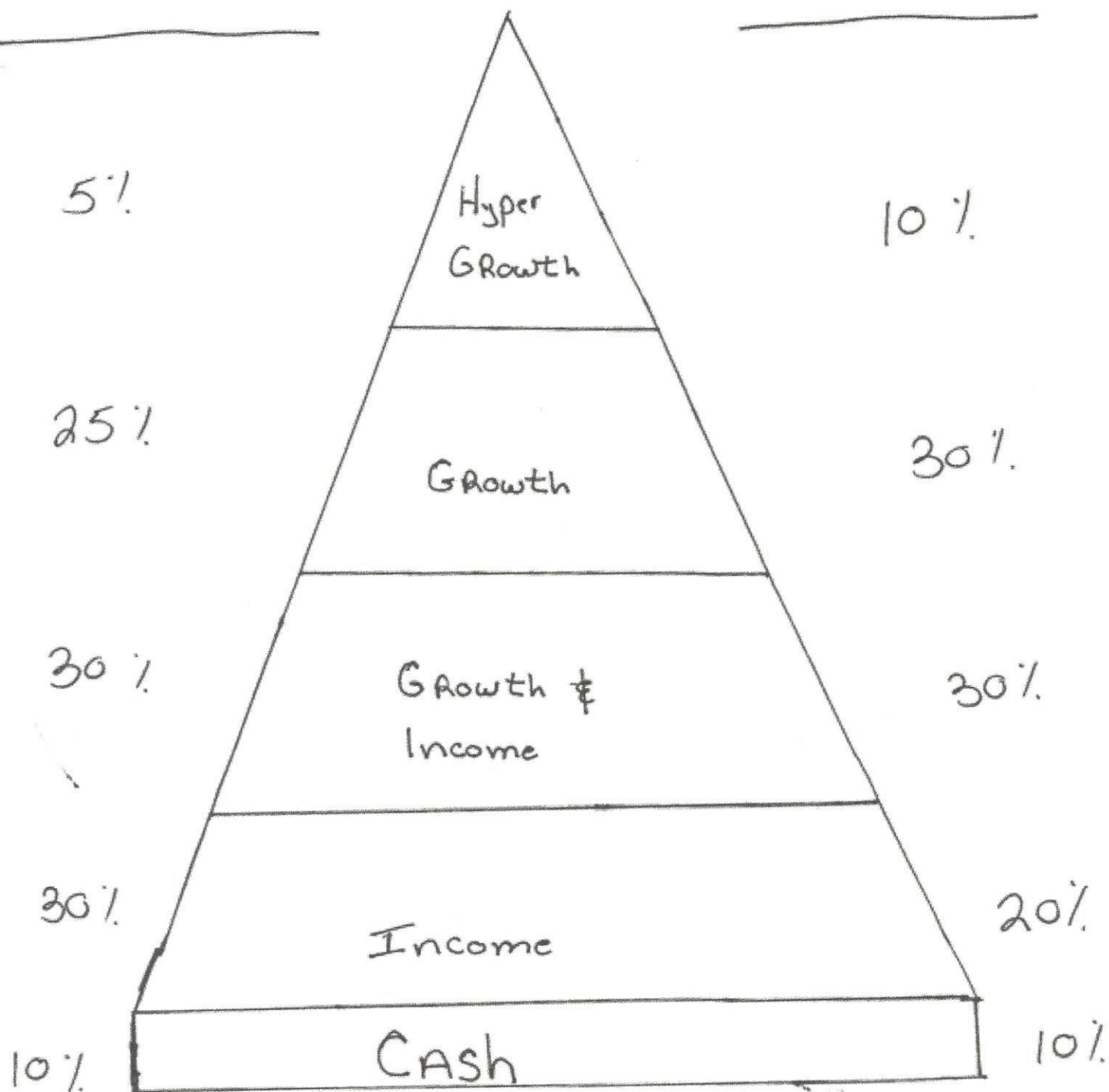
Growth ↓

Inflation ↓

Growth ↓

40% Stock

60% Stock





Stock types

Life Partners

Friends

Dates

Dates:

These are the exciting ideas you see on TV or read about or see on social media, or a "friend" tells you about.... Dates are supposed to be fun. When they stop being fun, you move on, get rid of them

Dates can turn into friends or even life partners

Friends:

Friends hang around for years. You accept some bad times, enjoy the good times without leaving them. But also, you can grow apart, not have anything in common anymore. You can also make new friends.

Life partners:

essentially for ever

Friends and life partner stocks tend to have Warren Buffets MOAT, high barriers protecting them from competition.

Hardest life partner/friend stock to sell is the company you worked for. Essentially was a life partner when you worked there, has to drop to friend level once you retire, and possibly be an ex-friend. Is it still appropriate for your portfolio?



mgm

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## Advanced Chart

mgm

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1 year

Daily

&lt;None&gt; 2

Bollinger Bands

Volume

&lt;None&gt;

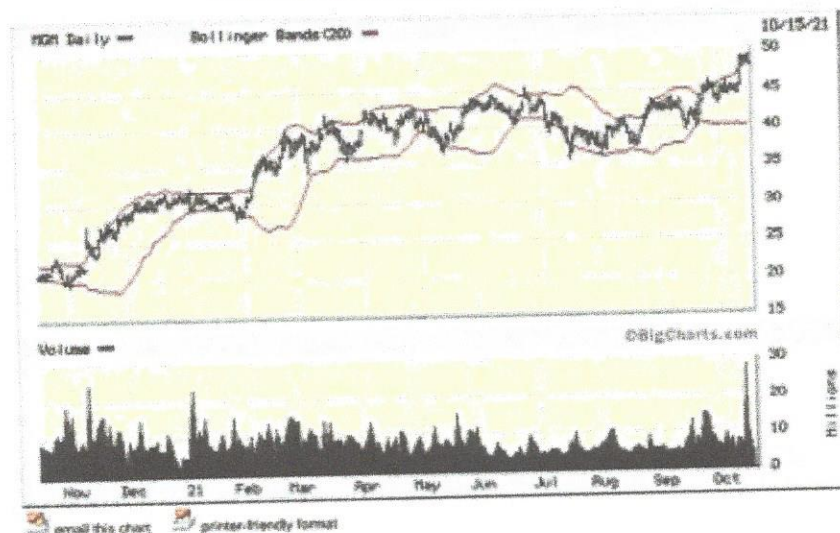
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Last <b>47.95</b>	Change <b>-0.49</b> Change % <b>-1.01%</b>	Open: <b>48.95</b> Yield: <b>0.02%</b>	High: <b>49.13</b> P/E Ratio: <b>n/a</b> Dividend: <b>-0.07</b>	Low: <b>47.67</b> 52 Week Range: <b>19.55 to 49.13</b> Volume: <b>4,300,191</b>	

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Example: New High in June/July  
 without an a breakout from  
 A Range



bcei

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Date Range

2 years

Daily

Chart Style

Line

Line &amp; Volume

Area

Area &amp; Volume

Volume

Volume &amp; Price

Volume &amp; High/Low

Volume &amp; Open/Close

Volume &amp; High/Low/Close

Volume &amp; High/Low/Close/Volume

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BCEI [Bonanza Creek Energy Inc.](#) [NYSE: BCEI](#) [NYSE: BCEI](#)

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Last

53.57

+1.72

+3.32%

Open:

53.00

Yield:

2.61%

P/E Ratio:

24.2475

Volume:

617,458

High:

53.86

Low:

52.575

52 Week Range:

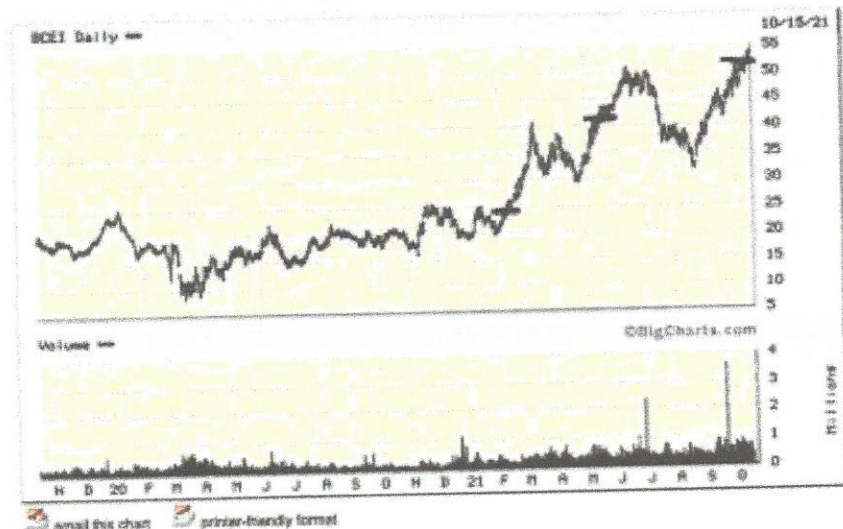
15.875 to 53.86

Volume:

617,458

P/E Ratio:

24.2475

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Example New High

February

May

October







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2100 Symbols Following

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10/15/21

1 year

Daily

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Bollinger Bands

Volume

&lt;None&gt;

&lt;None&gt;

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Basic Chart

 Last:   
**15.70**

 Change:   
 +0.25   
 +1.62%

 Open:   
 15.54   
 Yield:   
 n/a   
 Div:   
 15.73

 High:   
 16.03   
 P/E Ratio:   
 18.121   
 EPS:   
 +0.83

 Low:   
 15.335   
 52 Week Range:   
 7.57 to 16.455

Volume: 77,139,555

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Example: Break out from Range  
 Late September  
 Now testing Resistance





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apa

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1 year

Daily

SMA 2

&lt;None&gt;

Volume

&lt;None&gt;

&lt;None&gt;

&lt;None&gt;

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APA (NAS) APA Corp. Stock Price

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 Last:  
**26.37**

 Change:  
 +0.15

 Change %:  
 +0.57%

Open

26.658

Yield:

0.95%

Earnings

27.27

High:

27.82

P/E Ratio:

14.1957

Dividend

+0.04

Low:

26.3001

52 Week Range:

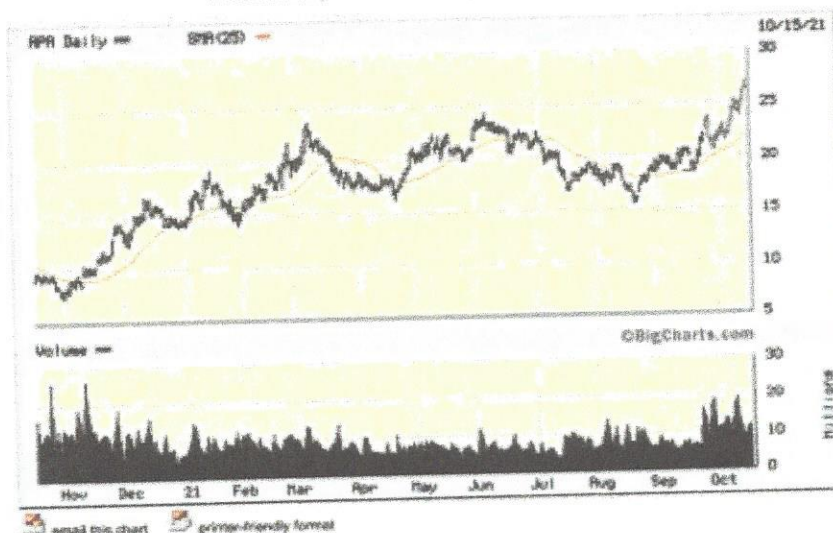
7.445 to 27.82

Volume:

110,046

Volume:

11,991,286

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Example Breakouts & Breakdowns  
from moving average.



jnj

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jnj

ORCHART

10/15/21

1 year

Daily

SMA 2

&lt;None&gt;

Volume

&lt;None&gt;

&lt;None&gt;

&lt;None&gt;

ORCHART

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Last: 161.30

+1.19

+0.74%

Open: 161.03

Yield: 2.63%

Low: 160.01

High: 161.81

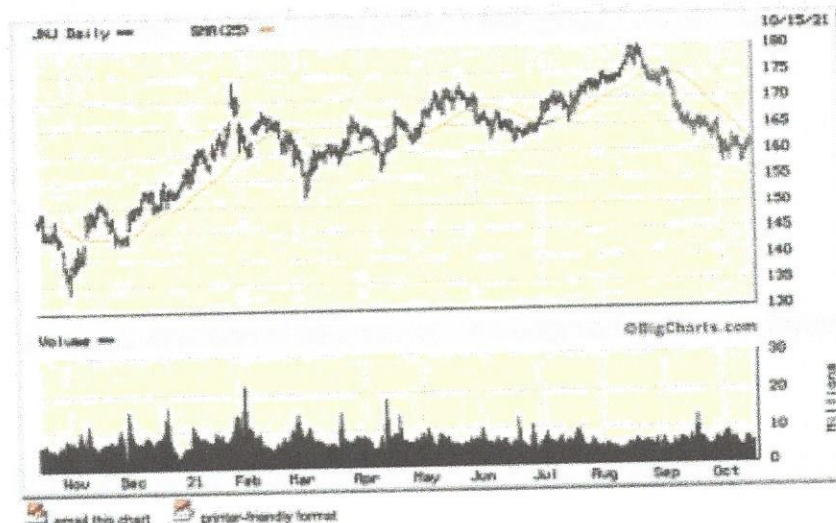
P/E Ratio: 24.2516

Change: +0.21

Low: 160.41

52 Week Range: 133.65 to 179.92

Volume: 6,911,935

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Example: Breakdown from moving  
Average, <sup>early September</sup> it hit Resistance, now  
Breaking above moving average?



One of Wall Street's most famous operators, Jesse Livermore, wrote a private-edition (only 500 printed) book recounting his experiences, methods, and operations in the stock and commodity markets.

Of particular interest in this unavailable book are Livermore's trading rules gleaned from his book (which have been passed on to us by Henri de La Chapelle, partner of Paine, Webber, Jackson and Curtis):

1. Nothing new ever occurs in the business of speculating or investing in securities or commodities.

2. Money cannot consistently be made trading every day or every week during the year.

3. Don't trust your own opinion and back your judgment until the action of the market itself confirms your opinion.

4. Markets are never wrong; opinions often are.

5. The real money made in speculating has been in commitments showing in profit right from the start.

6. As long as a stock is acting right, and the market is right, do not be in a hurry to take a profit.

7. One should never permit speculative ventures to run into investments.

8. The money lost by speculation alone is small compared with the gigantic sums lost by so-called investors who have let their investments ride.

9. Never sell a stock because it seems high-priced.

10. Never buy a stock because it has had a big decline from its previous high.

11. I become a buyer as soon as a stock makes a new high on its movement after having had a normal reaction.

12. Never average losses.

13. The human side of every person is the greatest enemy of the average investor or speculator.

14. Wishful thinking must be banished.

15. Big movements take time to develop.

16. It is not well to be too curious about all the reasons behind price movements.

17. It is much easier to watch a few than many.

18. If you cannot make money out of the leading active issues, you are not going to make money out of the stock market as a whole.

19. The leaders of today may not be the leaders two years from now.

20. Do not become completely bearish or bullish on the whole market because one stock in some particular group has plainly reversed its course from the general market trend.

21. Few people ever make money on tips. Beware of inside information. If there was any money lying around, no one would be forcing it into your pocket.

You can appreciate the timelessness of these rules when you realize they make as much sense today as they did when Livermore died in 1940.