Brainy's Articles on

# Share Trading**

## Sample strategy
## *"Robert's Weekly Watchlist"*





## *Introduction*

For anyone who is looking to invest money in the share market, one of the biggest challenges is the issue of which stocks to buy, and when to buy them. There are many different approaches to this dilemma, and many finance professionals have widely different approaches which makes it very confusing for investors.

Robert's approach is based on that which seems to be "sensible". The *Funda-Technical* approach seems to be very sensible — to prepare a watchlist of quality stocks, and then to buy and sell stocks from the watchlist when they appear to be cheap and the price is confirmed to be in an uptrend. It does not seem sensible to buy a stock when the price is trending down, nor to hold a stock which is drastically falling in price. For more details about the *Funda-Technical* approach, refer to Brainy's Article ST-2300, *"Funda-Technical Analysis"*.

Having decided to follow the sensible *Funda-Technical* approach, there are then two more dilemmas. The first one is to determine the fundamental criteria for stock selection for the watchlist. This is covered in Article ST-2300. But the second dilemma is to work out the best time to buy the stock — that is, to use appropriate technical analysis criteria to time the stock entry (and the exit) at the optimum times.

This article in Brainy's series on Share Trading and Investing (number ST-6405), explores one sensible approach to this aspect by using a realistic case study example — called *"Robert's Weekly Watchlist"*.

NOTE: Any one stock-selection strategy might work for some people, but not for others. It is dependent on many complex factors including: which market (eg. Australian stocks, or commodities, or currencies, etc.), the state of the market (ie. bullish, bearish, non-trending, etc.), the very specific stocks in question, and the personality of the investor/trader. The latter one is a very complex one and can exhibit much more influence on success or failure than any other factor.

NOTE: Always consult a properly qualified and licensed financial advisor before making any investment decisions. The advisor should consider your own personal circumstances and advise accordingly.

## *Trading and investing plans and strategies*

It is very important to pre-determine the game plan for investing or trading — this principle applies to many things in life. In these notes, any reference to the activity of *trading* can equally apply to the activities of *investing*. So these words tend to be used somewhat interchangeably.

It is very useful to record overall investing (or trading) objectives and the general approach in a *Trading Plan*, and to record the details of "how to achieve this" in a *Trading Strategy* (eg. the detailed stock selection criteria). It is very acceptable to have more than one *Strategy* — one strategy might be a conservative approach to ensure that money is not invested in a high risk manner, while a second strategy might define a more speculative or high risk approach in an attempt to achieve higher rewards; but by putting a relatively small amount of money at risk.

In the case study example in this article below, the sample strategy uses the *Trading Plan* and *Trading Strategy* templates that are available in two of Brainy's Articles. See the references below.

## *Trading plan sample*

The table below is the standard Trading Plan template that is included in Brainy's Article ST-2420, *"Trading Plans and Plan template"*. It is used here to help define the ***Trading (and Investing) Plan*** in this case study example. This Trading Plan sets the framework and higher level scope of the investing goals and activities. The actions that help to define "how" we will achieve this are included in the

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