

# Robert's presentation to U3A Manningham Sharemarket Group

U3A (Manningham)  
Stockmarket group

## Investing Tips Success secrets

May 2013

*"The share market can seem mystical and almost like black magic, but with the right support and assistance, it just seems like magic."*  
**Robert Brain**

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Brainy's Share Market Toolbox

### Successful?

**Are you "successful" in the markets?**  
Success? — What is "success"?  
How do we define "success"?

1. Achieving day-to-day income?
2. Capital improvement?
3. Enjoyment?

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### Many investors have struggled in recent years...

But why?

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## Possible reasons?

1. The "market"
2. Poor quality advice
3. Disbelief:
  - a) "This can't be happening."
  - b) "It will turn around and come good."
4. Reluctance to do anything
5. Other?



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## Two new web pages:



The first screenshot shows the 'Investing Problems & FAQs' page with a sub-header 'Having some problems with your investing or trading? Something not quite working right? Or having trouble getting started?'. The second screenshot shows the 'Sharemarket Success Secrets' page with a sub-header 'How to protect or enhance capital and enhance returns?'. Both pages feature a navigation menu with icons for a pig and a horse.

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**Brainy's Share Market Toolbox**

## Those two web pages

Here are the links to those two web pages:

**Investing Problems & FAQs**  
[www.robertbrain.com/share-market/investing-problems.html](http://www.robertbrain.com/share-market/investing-problems.html)

**Success Secrets:**  
[www.robertbrain.com/share-market/sharemarket-success-secrets.html](http://www.robertbrain.com/share-market/sharemarket-success-secrets.html)

Or go to the Toolbox Home page, and follow the link to "The Share Market", then use the menu options.

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## Today's agenda

1. Q&A — Questions & Answers
2. **Investing problems & FAQs**
3. More Q&A
4. **Success Secrets**
5. More Q&A
6. **Current charts of stocks or index?**



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## BTW

- I send occasional email to U3A
- My **Share Market Toolbox** web site:
  - Toolbox Members receive weekly email with (charts) analysis of our market
  - And there's lots more (stop loss, trends, etc...)
- Register for free and not miss out.
- Visit: [www.robertbrain.com](http://www.robertbrain.com)



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## Interactive...

- Please ask questions.
- Let's discuss details.
- View the price charts using BullCharts software.



 [www.bullcharts.com.au](http://www.bullcharts.com.au)

**Every chart tells a story.  
Understand the story in the chart.**

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## Important Notice — No Advice!

- This presentation does not include any advice.
- For proper advice, your personal financial situation needs to be considered.
- This presentation is pure education, only for your general awareness. 
- There are no recommendations to take any action, or to invest any money in any way.
- Always consult a properly licensed advisor before making investment decisions.

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## Important Notice



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## Q & A ?



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## Investing problems?



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## Investing problems?

1. Can't get motivated?	7. Small losses are okay?
2. Sleeping at night?	8. Go broke taking profits?
3. Blue chips not performing?	9. Fundamental analysis
4. Emotions — strong	10. Analysts valuations — they vary?
5. Losing too much money?	11. Managing the risks — how?
6. 100% Success — not achievable?	12. Position size — it's important?

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## Investing problems?

- Can't get motivated?
- Sleeping at night?
- Blue chips not performing?
- Emotions — strong
- Losing too much money?
- 100% Success — not achievable?

[goto next topic...](#)

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## Investing problems?

7. [Small losses are okay?](#)
8. [Go broke taking profits?](#)
9. [Fundamental analysis](#)
10. [Analysts valuations — vary?](#)
11. [Managing the risks — how?](#)
12. [Position size — it is important?](#)

[goto next topic...](#)

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## 1. Can't get motivated

*"I have trouble devoting the time to my research and investment activities."*

- Don't know where to start? — need a plan and a documented strategy
- Can be as simple as time management.

[goto problems list](#)

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## 2. Sleeping at night?

*"I spend too much time worrying about my investments. Worrying that they might crash in value."*

- Perhaps an investment position is too large — a big chunk of the investment capital
- A smallish position should not be an issue
- The "2% Rule". [See more...](#)

[goto problems list](#)

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### 3. Blue chips not performing

*"I thought that blue chip companies are supposed to be good performers; but I have noticed that their share price fell significantly in the last financial crisis."*

- Blue chips are not a guaranteed pathway to wealth
- They can be disappointing.
- See the [truth about blue chips...](#) goto problems list

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### 4. Emotions — over-powering

*"I find the underlying emotions make me rather nervous and perhaps over-cautious."*

- Some experts say success is 20% analysis and judgement and 80% controlling the emotions.
- Read more [about emotions...](#)

goto problems list

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### 5. Losing too much money

*"Some of my investments are simply losing money. From week to week, their face value is falling and falling."*

- "Time in the market" is a myth.
- Try using a [Stop Loss](#) to protect capital.

goto problems list

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## 6. Striving for 100% success

*"I am only starting out with this investing/trading thing, and I am striving for a 100% success rate. I will always be right with my investing/trading decisions. In life, I am always right."*

- It is NOT possible to be right 100% of the time!
- We will be wrong on occasions.
- So, get over it!

[goto.problems.list](#)

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## 7. Losses but still in front

*"I have heard that even many small losses can put us ahead; but it doesn't seem to be working for me."*

- We can be profitable with a Win:Loss ratio of 40% ...

**Provided:**

- Wins are large and losses are small
- We are being consistent (a strategy).

[goto.problems.list](#)

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## 8. Go broke taking profits?

*"I have heard it said that I can't go broke taking profits. So, I like to cash in my shares after a reasonable profit. Is there something wrong with this advice?"*

- It is possible to go broke taking a profit, if the profits are not large enough to outweigh any losses.

[goto.problems.list](#)

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**9. Fundamental analysis — complex?**

*"I am trying to get a handle on Fundamental Analysis, but everyone is telling me to focus on different things. eg. Study company annual reports - but I am not an accountant."*

- F/A is a diverse field
- There are many possibilities
- Some people enjoy what they do
- The technical analyst believes it can be more confusing than helpful.

goto problems list

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**10. Analysts' valuations — vary**

*"I have noticed that at any point in time, six different stock analysts will have six very different valuations for BHP's share price (for example). So, what's the story?"*

- They use a range of assumptions
- They do price projections for different time periods.

goto problems list

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**11. The risks — too high**

*"I feel that the risks of investing in the share market are too high."*

- The risks can be managed
- Watch out for "corrections" and "bear markets"
- Utilise a Stop Loss
- Use sensible Position Size.

goto problems list

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## 1. Beware sage advice

Many clichés and axioms, for example:

- "time in the market, or timing?"
- "a rising tide lifts all boats"
- "When Wall Street sneezes other markets catch a cold"
- "dollar cost averaging..."
- "the trend is your friend"

*Some of the share market gems are actually **furphies!!***

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## 2. Long term? or not?

- Need to accept that many investments are best NOT kept for the long term
- Even blue chip shares can plunge in value, and result in opportunity costs.

More information about how blue chips can disappoint:  
[www.robertbrain.com/share-market/blue-chip.html](http://www.robertbrain.com/share-market/blue-chip.html)

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## 3. Plan and strategy

When investing make sure to have some form of investing / trading **plan and strategy** in place.

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## 4. Diversification

- Be careful not to overdo it
- When spreading investments widely, the portfolio performance will be closer and closer to the performance of the index
- Might as well invest in an index-tracking fund, and ride the roller coaster of bull and bear markets.

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## 5. Trends

- Identify and ride a rising trend.
- Once an up trend is under way, it is statistically likely to continue



(larger chart next slide...)

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**Brainy's Share Market Toolbox**

## CSL — up trend



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### 6. Risk management

- Make sure to have effective risk management in place.
- Recorded in your Investing Strategy
- Will encompass some rules to limit position size, and the portion of your total investment capital that is at risk.
- Effective risk management will help to sleep at night.

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### 7. Stop Loss

- Make sure to utilise an effective Stop Loss approach.
- Recorded in the risk management section of your strategy.

More details:  
[www.robertbrain.com/share-market/stop-loss.html](http://www.robertbrain.com/share-market/stop-loss.html)

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### 8. Technical Analysis

- This is essential to maximise the effectiveness of entry and exit timing
- The underlying emotions and opinions of investors and traders are summarised in the price charts
- Every chart tells a story.

More details: [www.robertbrain.com/ta](http://www.robertbrain.com/ta)

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## 9. The "4 Windows" approach

To help learn about technical analysis and the many different aspects...

**The "4 Windows" approach**

More details:  
[www.robertbrain.com/4-windows](http://www.robertbrain.com/4-windows)



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## "Secrets" — 1 to 4

- Beware the "sage advice"** - There are many clichés and axioms to do with investing. Things like: "time in the market, or timing?", "a rising tide lifts all boats", "When Wall Street sneezes other markets catch a cold", "dollar cost averaging...", "the trend is your friend". Some of the sharemarket gems are actually furbies. See Robert's list of [Share Market GEMs](#).
- Long term? - NOT!** - Accept that many investments are best NOT kept for the long term. Even [blue chip shares](#) can plunge in value, and result in opportunity costs.
- Plan and strategy** - If you decide to invest in shares, then make sure to have some form of investing/trading plan and strategy in place. Read more about [plans and strategies](#).
- Diversification?** - Be careful not to overdo this. If you spread your investments, then the portfolio performance will be closer and closer to the performance of the index, in which case you might just as well invest in an index-tracking fund, and ride the roller coaster of [bull and bear markets](#).

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## "Secrets" — 5 to 9

- Trends** - Identifying and riding a [rising trend](#). Remember that once a price trend is underway, it is statistically likely to continue.
- Risk management** - Make sure to have some effective [risk management](#) in place. This will be described in your Investing/Trading Strategy and will encompass some rules to limit each position size, and the portion of your total investment capital that is at risk. Effective risk management will help to sleep a night.
- Stop loss** - Make sure to have an effective [Stop Loss](#) approach. This will be covered in the risk management portion of your strategy.
- Utilise technical analysis** - This is essential in order to maximise the effectiveness of entry and exit timing. [See more details...](#)
- The 4 Windows approach** - If the broad field of technical analysis is a little daunting, then utilise the [4 Windows approach](#) to get started.

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 **Summary & Wrap up**

## Summary

- Investing problems
- Success secrets

*Every chart tells a story.  
Understand the story in the chart.*

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## Those two web pages

Here are the links to those two web pages again:

**Investing Problems & FAQs**  
[www.robertbrain.com/share-market/investing-problems.html](http://www.robertbrain.com/share-market/investing-problems.html)

**Success Secrets:**  
[www.robertbrain.com/share-market/sharemarket-success-secrets.html](http://www.robertbrain.com/share-market/sharemarket-success-secrets.html)

Or go to the Toolbox Home page, and follow the link to "The Share Market", then use the menu options.

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## BTW

- I send occasional email to U3A
- My **Share Market Toolbox** web site:
  - Toolbox Members receive weekly email with (charts) analysis of our market
  - And there's lots more (stop loss, trends, etc...)
- Register for free and not miss out.
- Visit: [www.robertbrain.com](http://www.robertbrain.com)

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 **Summary & Wrap up**

## Don't forget my Toolbox

- Brainy's **Share Market Toolbox**
  - [www.robertbrain.com](http://www.robertbrain.com)
  - Loads of eBook (PDF) Articles
  - Info: share market, charting, BullCharts
  - Weekly Market Updates and Watch List
  - monthly e-Newsletters
- Good software – BullCharts  
[www.robertbrain.com/bullcharts/](http://www.robertbrain.com/bullcharts/)
- My contact details:  
web site above, or phone: 0438 355 910



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 **Summary & Wrap up**

## THE END

See free stuff here:  
[www.robertbrain.com/free](http://www.robertbrain.com/free)

Thank you.

[www.robertbrain.com](http://www.robertbrain.com)  
or phone: 0438 355 910

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 **Summary & Wrap up**

## THE END

## THANK YOU

(Backup files folder)

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