'Live’ Long Term Investing Signals Portfolio Update

By John Atkinson and Jim Berg

1. Recap: Medium Term Investing

Commencing 28th December 2018, we have progressively featured updates during 2019 on Jim’s $100k ‘Live’ MEDIUM TERM Investing Portfolio – managed mainly with weekly charts. In this notional Portfolio we*:

1. Aim to ‘cut losses & let profits run’ and expect that a few shares will outperform others
2. Feature notional positions, as selected by Jim Berg for his Medium Term Investing Signals Service, using his proven ‘Weight-of-Evidence’ Technical Analysis Entry Rules (as taught in this weekly Report)
3. Split the notional $100k into 8 x $12.5k notional positions and manage each position using weekly charts and Jim’s traditional approach for medium term investing.
4. Progressively add new positions to the portfolio in exactly the same consecutive order as they occur in Jim’s Medium Term Investing Signals Service
5. Note that once the first 8 positions were full, then no new extra positions can be added until any existing Positions are exited
6. Hold all notional positions until an Exit Signal(s) is announced
7. Replace the exited position(s) with the next new weekly notional Investing Entry Signal(s) to be nominated in Jim’s Medium Term Investing Signals Service.

2. Long Term Investing Initiative

This year, for the first time since 2005, in our ‘Investing & Online Trading’ stock market Report, we also added our new initiative for LONG TERM Investing, in which we*:

A. Present a structured approach for longer term investors- based mainly on monthly charts. This allows us to take advantage of strong rising trends for significantly longer, while still having documented exit strategies in place if the market turns down (albeit at later dates than by using daily or weekly charts.)

B. Use a series of new Stops on monthly charts which are much LOWER than those which we traditionally use on daily or weekly charts.

These Stops are therefore further away from the day-to-day/week to week ‘noise’ of the market and should hopefully help to reduce ‘whipsawing’ (whereby positions are exited with discipline, yet stocks rebound and continue upward soon after).

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C. Allow trades in rising trends to run for hopefully a few years before an exit trigger is given

D. Aim to achieve larger profits over a longer time frame and with less effort to monitor

E. However, since we first commenced coverage of this new time frame, we have also frequently highlighted “Long term Investors will need to be prepared for potential significant draw down, compared with Jim’s Trading or traditional Medium Term Investing Rules.”

Last month we introduced the reporting of our new ‘Live’ $100K LONG TERM Investing Signals Portfolio which now runs side-by-side our existing ‘Live’ MEDIUM TERM Investing Signals Portfolio.

This new Long Term Investing notional portfolio is structured in a very similar way to the notional Medium Term Investing Portfolio outlined above, except we wrote*

1. At some stage, we may decide to implement some additional entry criteria filters

2. Positions are monitored using our new MONTHLY Stops instead of our Weekly Stops

3. This Long Term Investing Signals Portfolio is designed to remain open until its individual Stops for the component stocks are triggered. I.e. It will NOT be closed when we close the Trading and/or Medium Term Investing Signals portfolio due to increased volatility/ various market caution notices, etc.

The DOWNSIDE of this is that if markets continue downwards after a correction (e.g. as occurred for almost 1.5 years during the GFC after Jim first closed this Report’s trading portfolio in January 2008), then there may be potentially significantly more draw down before the new Monthly Stops are triggered, compared with Jim’s Trading or traditional Medium Term Investing Rules – see E above.

The UPSIDE of this is that if markets rebound upwards after a correction, then positions may still be open in this new portfolio to take advantage of the recovery – as their Stops may be sufficiently below the price action to avoid being triggered.

Overall, our aim* is that:

✓ In rising markets, we would expect to have up to 8 notional positions in the Long Term Investing Signals Portfolio which trend upwards for months - and hopefully years - before they finally trigger Exit Signals on monthly charts - as per 14 examples in our ‘Game Changer’ case study Tutorials, featured in our Investing & Online Trading Report this year.

✓ If individual trades go against us, we will employ our series of purposely designed Stops for Monthly Investing to help minimise losses.

✓ In time, we will have different notional trades within the Long term vs Medium Term ‘Live’ $100K Portfolios.

✓ This is because each notional position may be exited at different dates, depending on the exit trigger for each respective time frame, so in turn, their replacement trades will also be selected independently.

✓ This will provide us with a ‘live’ side-by-side comparison of 2 notional Portfolios to monitor and progressively report on as additional education. This includes our recently introduced Longer Term Investing Plan initiative.”

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3. LONG TERM Investing Signals Portfolio Performance*

Table 2 above shows the open positions of our new Long Term Investing Signals Portfolio, as at 31st October 2019 and includes*:

1. Two notional positions in ‘cash’, awaiting Jim’s next new Entry Signals
2. Offsetting of 4 closed notional positions since 28th December 2018, totalling -$2,173
3. Total net open and closed notional returns (excl. transaction costs) of +$36,061 or +36.1% on a notional $100k ‘Live’ Long Term Investing Signals Portfolio in 10 months.

Table 2 and Figure 1 above show the:

2. Long Term Investing Portfolio Outperformance of +18.2% compared with the ASX200 (XJO) over the same 10 months.

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Stock codes and details of Jim Berg’s Trading Rules are excluded from extracts from this Report. They are presented in full to subscribing Report Members.)
Updates: Market Volatility & our new ‘Long Term Investing Signals’ Service

Our thanks to all those who have emailed us this month to express interest in our upcoming ‘done-for-you’ Long Term Investing Signals Service.

We are currently finishing our back testing and arranging for a new ‘Long Term Investing Signals’ Membership area to be added to our website.

We intend that this new Signals Service:

- Will be available as a separate Membership.
- In addition, included as the 4th Signals Service (at no extra cost) within our existing Combined Signals Services package.

Once we launch this Service, this Combined Signals package will comprise our Signals for Trading, Medium Term Investing AND Long Term Investing in Australian shares, as well as our Super 10 ETF Portfolio Signals.

We will manage our upcoming ‘Long Term Investing Signals’ Service in a similar way to our existing Signals.

I.e. on behalf of Signals Members, we will:

1. Provide Entry Signals for Monthly Investing, as they occur
2. Monitor all open positions and adjust Stop types and values
3. Notify Members when any Exit Signals are generated, based on our new Long Term Investing Rules

In early August and October, market volatility increased significantly, primarily due to trade war rhetoric.

Very importantly, on Friday 1st November 2019, Jim announced to our Members that volatility had returned to ‘normal’, so he is now looking for new confirmed Entry Signals for our weekly Report’s notional portfolio and our existing Signals Services.

We plan to limit the number of Investors able to join our upcoming Long Term Investing Signals Service -- to allow us to test the new website addition and for Members to provide their feedback on using this new Service.

If you would like to be one of the first investors to be notified when we launch the first of our new Long Term Investing Signals, then please:

1. Email to express your interest at Info@ShareTradingEducation.com
2. Simply say ‘YES’ and include your first name in the subject line* (* No need for an essay & of course no obligation to join).

We look forward to hearing from you soon.

May you invest with ‘Weight-of-Evidence’.

Kind regards,

Jim Berg and John Atkinson

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