



## "IS THIS THE YEAR **YOUR** PORTFOLIO TAKES OFF?"

### FOUR SIMPLE STEPS TO GENERATE CONSISTENT MONTHLY PROFITS

To achieve consistent gains in today's market, you **MUST** have a plan and trade your plan. This means you must know what kind of an investor you are, must have a plan, must know what to look for and how to trade it **and have only one goal: to raise cash in our portfolio month over month.** These are the elements that make for successful stock market investing.

So when looking ahead to a new year, the four resolutions below will help you do so with confidence and excitement knowing that following them will indeed make this the year your portfolio takes off.

#### **RESOLUTION #1: I WILL CREATE A PLAN BASED ON WHO I AM AS AN INVESTOR**

Before you can create a plan, you must determine what kind of investor you are. This is an absolute must!

##### WHAT EXACTLY ARE YOU TRYING TO ACCOMPLISH WITH YOUR INVESTMENT DOLLARS?

Do you have a plan? What exactly is that plan? The days of "buy any stock and it will go up" are long gone and by the looks of things, they aren't coming back anytime soon. In today's market, you **MUST** have a plan. But the plan just can't be any old plan. It must be one that is based on who you are as an investor and what you are trying to accomplish. So who are you?

Are you an investor?

Are you a trader?

Do you go long only?

Do you go short only?

Do you do a combination of long and short?

These are all questions **YOU** have to ask yourself. **YOU** have to **DEFINE WHO YOU ARE** before **YOU** can develop a plan. That said, if you're long only, then in times of downtrends, you must be prepared to sit in cash or face some difficult times with your investments. If you're short only, then in times of uptrends, you too will have to sit in cash or face difficulty.

You've arrived when you get to the point where market direction doesn't matter. Your plan should take into account both sides of the coin. You should no longer have to ask:

Is the market going higher?

Is the market going lower?

Your answers to the above questions should be "Don't know, don't care, I trade what I see, not what I think, feel or fear." But how do you get to that point?

You get there because you have a plan, are planning your trades and trading your plan. This is done according to the kind of investor **YOU CHOOSE TO BE.** The way you plan your trades and trade your plan defines the kind of investor you are.

#### **RESOLUTION #2: I WILL TRADE WHAT I SEE, NOT WHAT I THINK, HEAR OR FEAR**

To be successful in today's market, it all comes down to understanding that you **MUST** **"Trade what you see, not what you think, hear or fear."** This means turning off the TV and staying focused on understanding what kind of patterns make for successful trades and to have the confidence to trade them as they trigger.

For us, we look at three types of chart patterns:

Uptrend patterns  
Downtrend patterns  
Changes in trends patterns

And that's all we look for. We don't care what xyz analyst said about a stock, what Cramer had to say in last night's Lightning Round or if we didn't like the service we got at this company's store. None of that matters. All that matters is what the chart is telling us and what we do as a result.

### **RESOLUTION #3: I UNDERSTAND IT'S A MARKET OF STOCKS, NOT A STOCK MARKET**

How do you make money consistently month over month regardless of market direction? The answer is simple. ***It's a market of stocks, not a stock market.*** Like we said in Resolution #1, market direction shouldn't matter. All that matters is finding stocks that have completed set-ups ideal for significant short-term gains and doing what the chart tells us.

Even in the most raging bull market, a sector or two may suddenly fall out of favor and then we'll start seeing topping signs on the charts of the industry's leading stocks. This means it's time to go short – even though the overall market is going up.

### **RESOLUTION #4: I WILL GET IN, GET MY POINTS AND MOVE ON TO THE NEXT TRADE**

That's how to do it in today's market. **There are patterns out there everyday that allow you to get in at the lowest point possible where your downside risk is minimal.** Stop trying to hit a grand slam. The key is to hit singles and then move on and hit another single. That's how to achieve consistent profits month over month with little risk.

Which would you rather have – \$5,000 in gains per month or (1) 50% gain that yields you \$5,000 in 3 months? In 3 months, you can earn \$15,000 taking small gains and remaining mostly in cash vs. \$5,000 in 3 months which requires you to tie up cash and needing a 50% gain in that one trade to get that return. When's the last time this market gave you a 50% return in 3 months or less?

It's much safer and easier to rack up significant gains investing only a little per trade and taking a series of small gains in a short time frame than hoping for a big gain and often needing more time to get that return. And by the way, while you are holding and your cash is tied up in that trade, you are missing many other good opportunities.

Just try to keep it simple. A good strategy to minimize risk is to invest 200 shares in each trade and hold them for a five point gain. That's \$1,000 per trade. And since you are only looking for five points, you can usually get this within a week – sometimes by the next day. And then it's on to the next trade. **If you do just four or five trades per month like this, you'll have significant profits.** That's it – no sitting there holding it through earnings or a correction or an analyst downgrade. Get in, get your points and get out and look for the next trade.