

# 5 Pillars of Active Trend Trading



*Timing is More Important  
than Price. ~ W.D. Gann*

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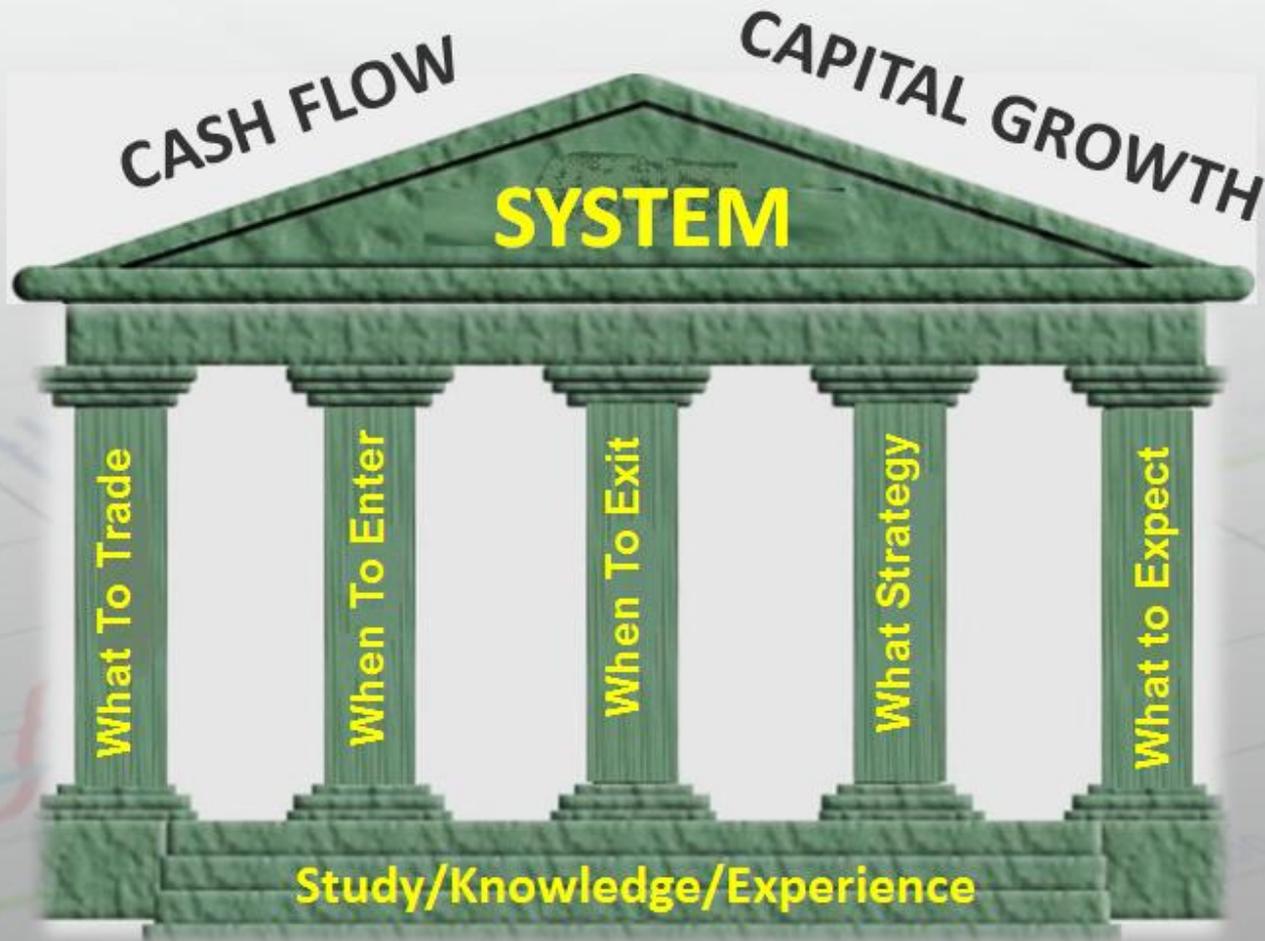
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All Materials presented are for training purposes only . Traders should paper trade any new method prior to risk of personal capital.

# 5 Pillars of Active Trend Trading

## System to Campaign



Pillar 1: What to Trade  
Fish Where the Big Fish Hang Out



# Where do we find Trophy Stock

1. Develop you own search criteria
2. Find a reliable source to do your searches
3. Combination of both

**Number 2 can make a lot of sense  
for busy traders**

## Searchable data bases:

- IBD: MarketSmith
- StockChart.com
- BarChart.com
- MarketWatch.com
- Finance.Yahoo.com
- Brokers Website
- TOS

# Criteria for Trophy Stocks

1. Sound Fundamental Growth Stocks
2. Index ETF with huge volume and liquid Options

**My Solution: Use a list provide by a reliable source with a great track record!**

**IBD 50 (Primary)**

**Leaderboard  
Stocks on the Move  
Sector Leaders  
IBD Screens**

**All at [www.investors.com](http://www.investors.com)**

# IBD 50: What is it?

1. 50 top-rated growth stocks with top fundamentals showing strong relative price strength in the market
2. Computer generated list
3. Excellent Record of providing trophy stocks year after year
4. Downloadable
5. Easy to keep up to date

# IBD 50: Track Record

**2007:** S&P Return = 3.53%

Of the 100 stocks on the list at the beginning of 2007

**77% of the stocks had an average return of 78.95% from low to high of the year**

**42% of the stocks had an average return of 56.9% from the beginning of the year to end of year**

**2008:** S&P Return = -38.51%

Of the 100 stocks on the list at the beginning of 2008

**95% of the stocks had an average return of 78.77% from low to high of the year**

**22% of the stocks had an average return of -19.2% from the beginning of the year to end of year**

**2009:** S&P Return = 23.45%

Of the 100 stocks on the list at the beginning of 2009

**57% of the stocks had an average return of 121.6% from low to high of the year**

**32% of the stocks had an average return of 58.4% from the beginning of the year to end of year**

**2010:** S&P Return = 12.78%

Of the 100 stocks on the list at the beginning of 2010

**93% of the stocks had an average return of 78.77% from low to high of the year**

**44% of the stocks had an average return of 52.0% from the beginning of the year to end of year**

**2011:** S&P Return = 0.0%

Of the 50 stocks on the list at the beginning of 2011

**88% of the stocks had an average return of 43.10% from low to high of the year**

**34% of the stocks had an average return of 22.1% from the beginning of the year to end of year**

**2012:** S&P Return = 13.41%

Of the 50 stocks on the list at the beginning of 2012

**88% of the stocks had an average return of 45.93% from low to high of the year**

**44% of the stocks had an average return of 35.91% from the beginning of the year to end of year**

**2013:** S&P Return = 29.6%

Of the 50 stocks on the list at the beginning of 2013

**78% of the stocks had an average return of 68.39% from low to high of the year**

**52% of the stocks had an average return of 44.9% from the beginning of the year to end of year**

## 2 Fishing Seasons

Season 1: First of the year until Feb-March

2009	High Pre Yearly Low					
IBD 100	Closing Price	Hi Pre Low	% Gain/Loss	Year Low	Ending Price	% Gain/Loss Yearly
Symbol	12/31/2008				12/31/2009	
SPX	903.25	943.85	4.49%	666.79	1115.10	23.45%
ESI	94.98	133.75	40.82%	86.47	95.96	1.03%
HANS	33.53	44.02	31.29%	27.91	38.40	14.52%
APEI	37.19	46.53	25.11%	30.30	34.36	-7.61%
NITE	16.15	19.98	23.72%	13.39	15.40	-4.64%
SXL	45.14	55.54	23.04%	46.37	66.89	48.18%
TDG	33.57	40.56	20.82%	29.70	47.40	41.20%
OTEX	30.13	36.40	20.81%	28.93	40.65	34.92%
JOSB	17.43	20.99	20.42%	13.07	28.13	61.39%
BKR	36.91	43.80	18.67%	24.34	41.10	11.35%
APOL	76.62	89.68	17.05%	52.79	60.58	-20.93%

Season 2: March-June through End of Year

2013	High Post Low					
IBD 50	Closing Price	Year Low	Hi Post Low	% Gain/Loss	Ending Price	% Gain/Loss Yearly
Symbol	12/31/2012				12/31/2013	
SPX	1426.19	1426.19	1849.44	29.68%	1848.36	29.60%
QIHU	29.69	27.76	96.74	248.49%	82.05	176.36%
DDD	35.57	27.88	95.4	242.18%	92.93	161.26%
FLT	53.65	53.65	123.96	131.05%	117.17	118.40%
SSYS	80.15	60.2	134.87	124.04%	134.7	68.06%
SLCA	16.73	16.73	37.14	122.00%	34.11	103.89%
LOPE	23.47	22.85	50.48	120.92%	43.6	85.77%
TRIP	41.92	41.92	90.43	115.72%	82.83	97.59%
ACT	86.00	82.02	170.51	107.89%	168	95.35%
BCEI	27.79	27.79	57.4	106.55%	43.47	56.42%
WDC	42.49	42.49	84.7	99.34%	83.9	97.46%

## Refining to the List: Finding Where you'll fish first!

- Account for stocks moving on and off the list
  - Running List
  - Stocks from other Sources (Stock Check Up)
- Reduce the list to the most tradable Stocks!
  - Volume
  - Options Liquidity
  - Patterns
  - Moving Average Sorts
- Develop a routine
  - Daily—Short List
  - Weekly—Short List, IBD 50, Running List on Daily/Weekly Chart
  - Monthly—Short List, IBD 50, Running List on Weekly/Monthly Chart

## How & Where

- Account for stocks moving on and off the list
  - Running List—[ActiveTrendTrading.com](http://ActiveTrendTrading.com) or keep your own
  - Stocks from other Sources (Stock Check Up)—[Investors.com](http://Investors.com)
- Reduce the list to the most tradable Stocks!
  - Volume ([simple sort](#))
  - Options Liquidity ([visual inspection](#))
  - Patterns ([visual inspection](#))
  - Moving Average Sorts ([simple custom sort](#))
- Develop a routine
  - Daily—[Short List](#)
  - Weekly—[Short List, IBD 50, Running List on Daily/Weekly Chart](#)
  - Monthly—[Short List, IBD 50, Running List on Weekly/Monthly Chart](#)

# Summary

- ✓ Find where the Trophy Stocks Hang Out
- ✓ Get the List
- ✓ Refine the List
- ✓ Strategically Plan when you'll fish

