

Generating Better Risk-Adjusted Returns

Equity Fund & ETF Investing (Continued)

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Scoring the Market (revisit)

- There is no perfect indicator – having a consistent approach is more important.

- Select 3 to 5 of your favorite indicators of market context and score them
 - a) How many are positive vs negative?
 - b) Is that ratio improving or deteriorating?
 - c) What is your action plan for each scenario?

Equity Fund & ETF Investing (Continued)

Scoring Breadth

- Tally how many are positive vs negative
 - a) Trend 50/200 Day = Positive
 - b) Trend 5/10 Week = Negative
 - c) Momentum ADX Line = Negative
 - d) Momentum L/T MACD = Negative
 - e) Relative Strength QQQ/SPY = Positive

- 2 of 5 are positive (40%)
 - a) If that improves, consider adding or buying new funds/ETFs that score well
 - b) If that weakens, consider selling the weakest of your current holdings

- Have a plan. Review Daily/Weekly. Follow your plan.

Equity Fund & ETF Investing (Continued)

Entries & Exits

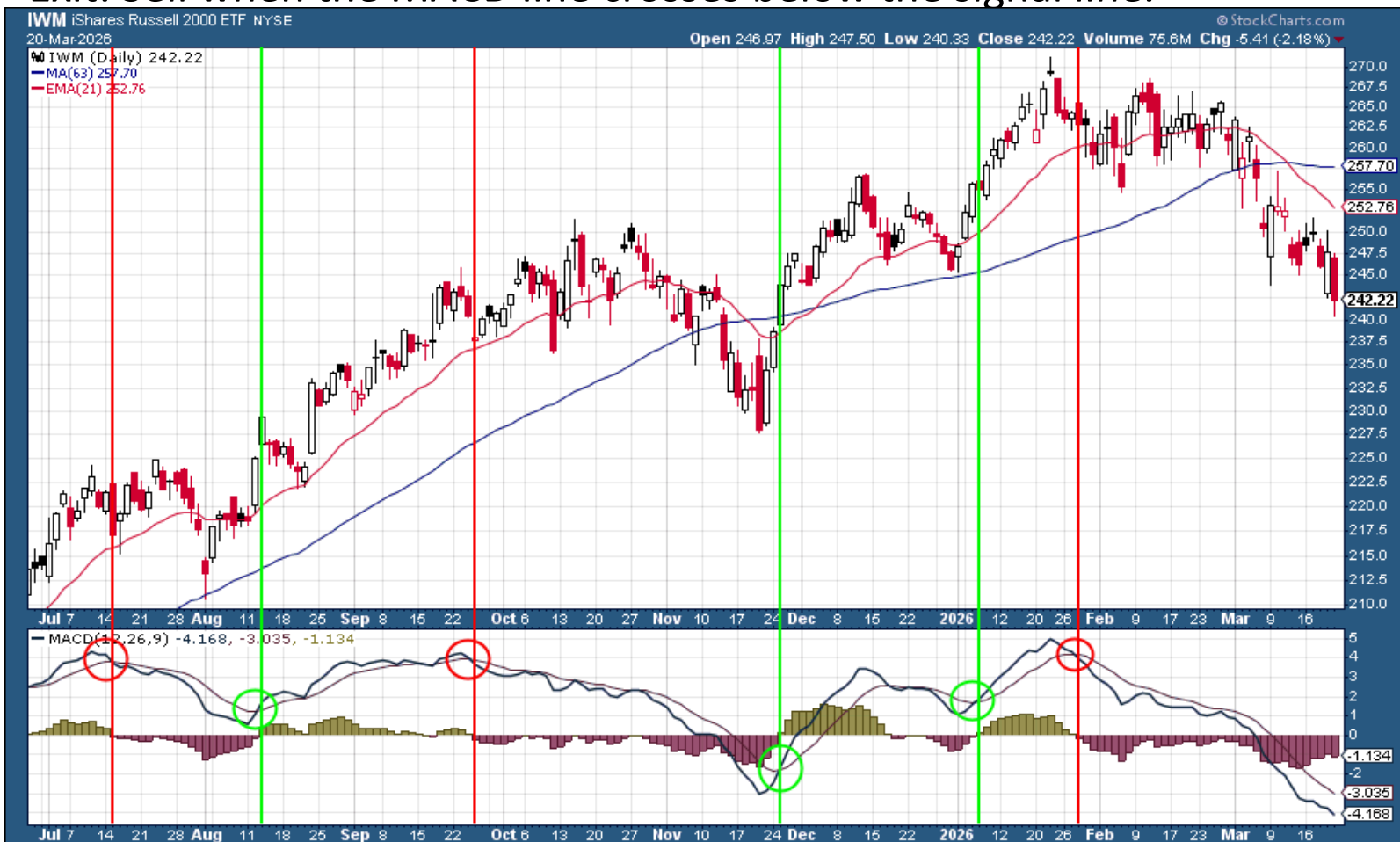
- Intermediate & Long-Term Trend & Momentum – for market context
- Shorter Term Signals – for entries & exits
- **MACD (Moving Average Convergence Divergence)** - uses EMA differences to spot trend direction via line crossovers and histogram; positive and rising values indicate a bullish trend.
- **Stochastics** - compares closing price to recent range (0-100 scale); >80 overbought, <20 oversold, with %K/%D crossovers signaling momentum shifts.
- **ADX (DI+/DI-)** – Measures Trend Strength (ADX Line) combined with DI+/DI- lines to determine bullish or bearish direction.

Equity Fund & ETF Investing (Continued)

MACD Possible Entries & Exits

Signal Line Crossover

- Entry (Long): Buy when the MACD line crosses above the signal line (stronger if above the zero line).
- Exit: Sell when the MACD line crosses below the signal line.



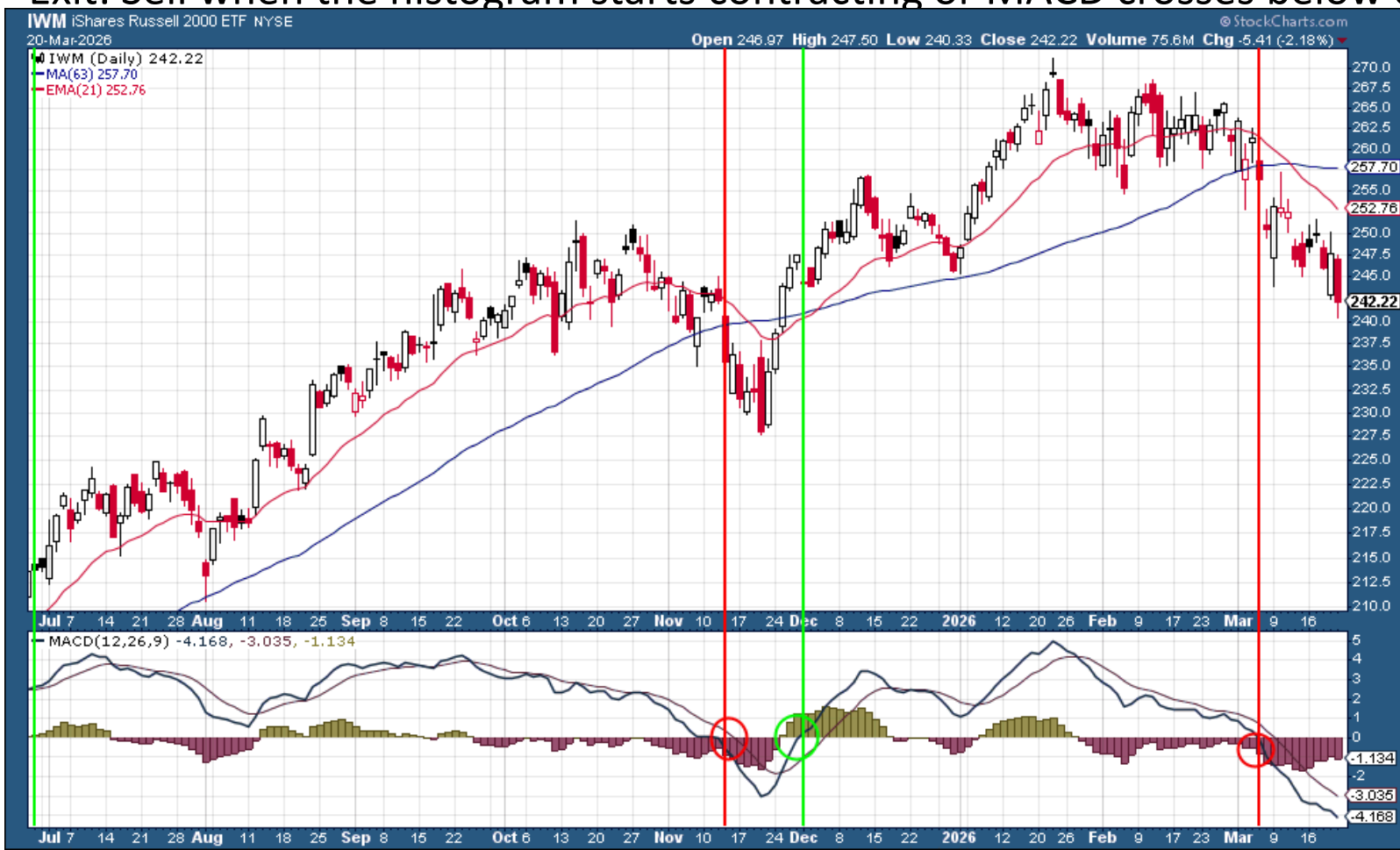
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Equity Fund & ETF Investing (Continued)

MACD Possible Entries & Exits

Zero-Line + Histogram

- Entry: Buy when MACD crosses above the zero line with expanding histogram.
- Exit: Sell when the histogram starts contracting or MACD crosses below 0.

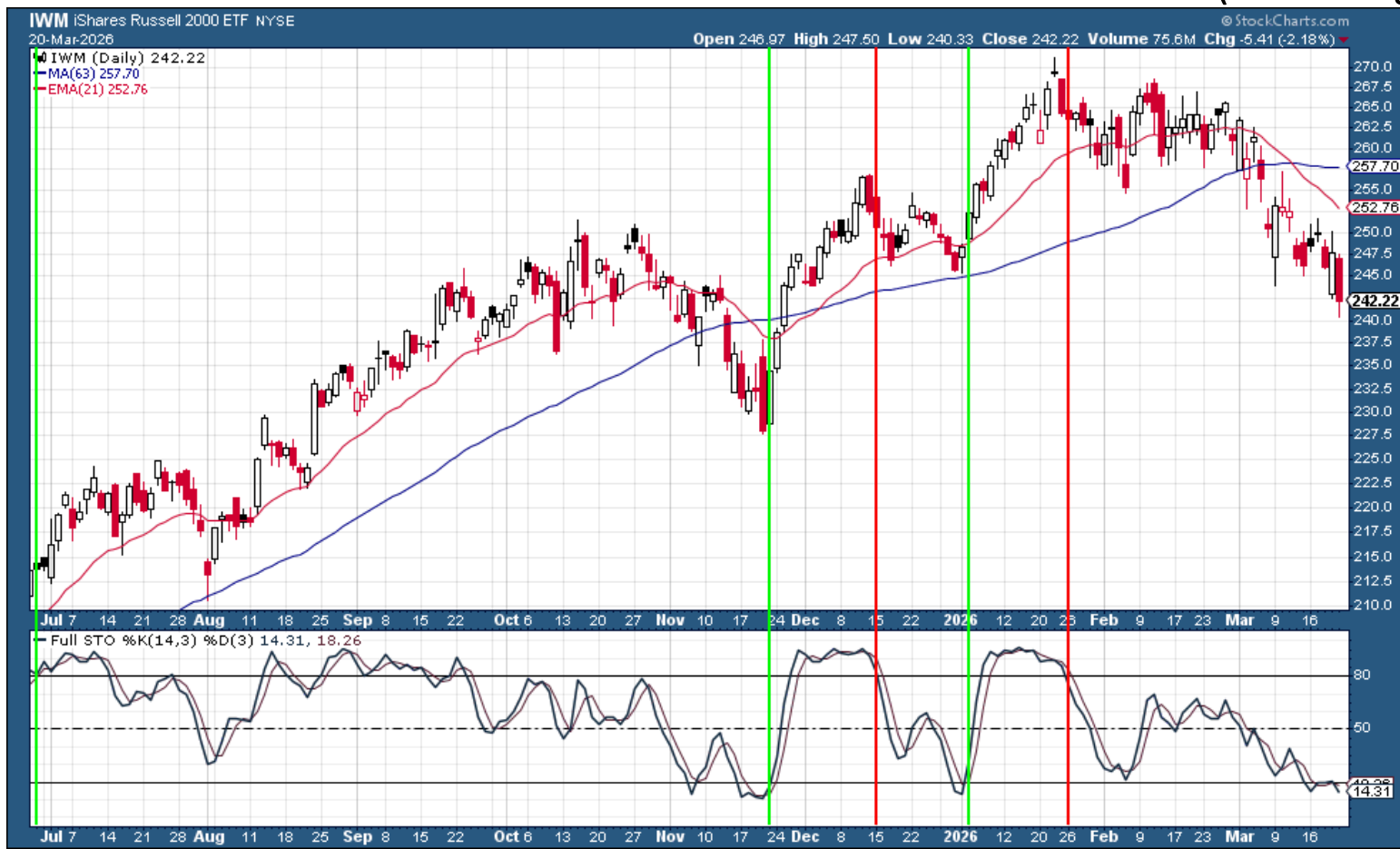


Equity Fund & ETF Investing (Continued)

Stochastic Possible Entries & Exits

Overbought/Oversold Crossover

- Entry (Long): Buy when %K crosses above %D from below the 20 level (oversold).
- Exit: Sell when %K crosses below %D from above the 80 level (overbought).

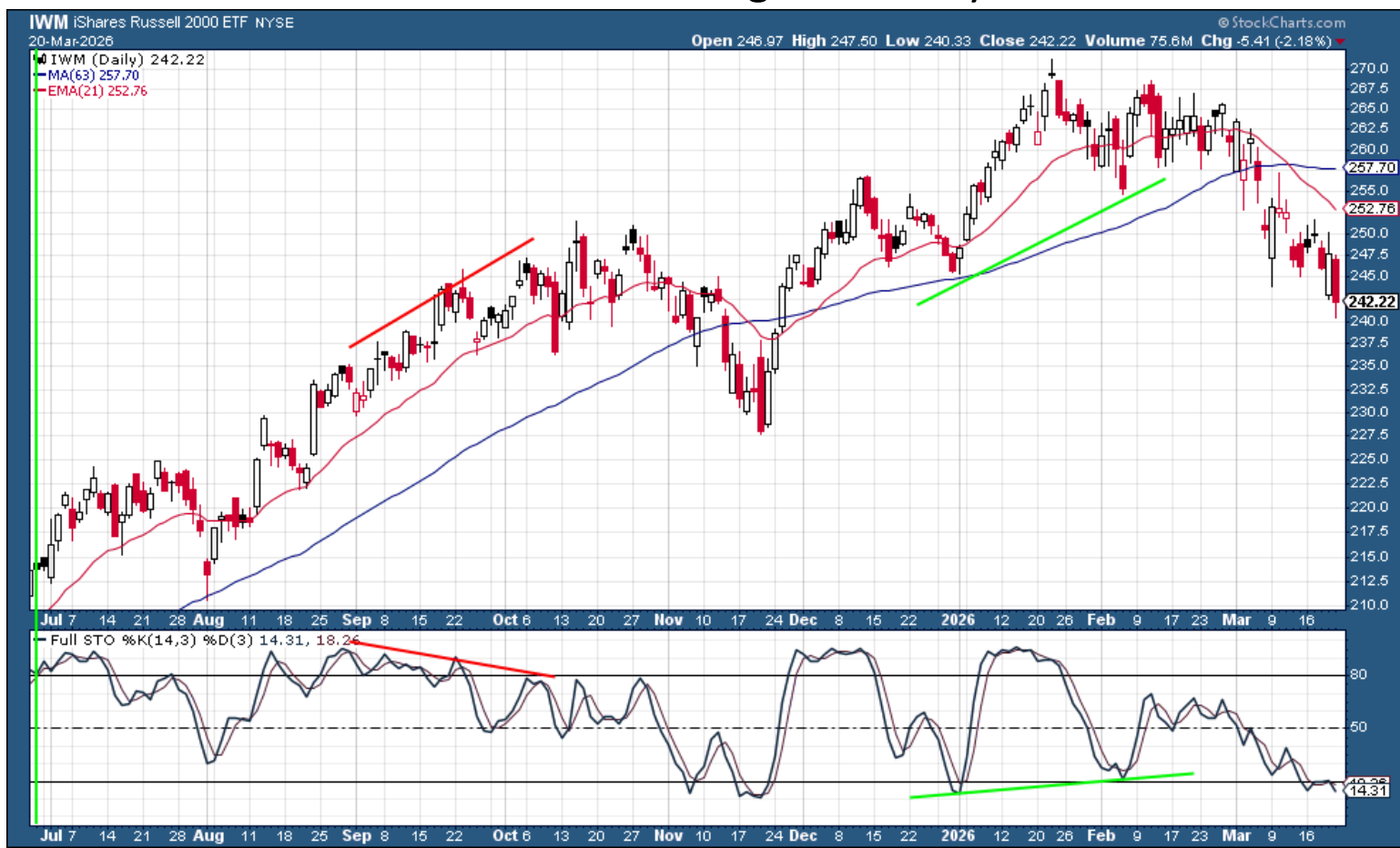


Equity Fund & ETF Investing (Continued)

Stochastic Possible Entries & Exits

Divergence Confirmation

- Entry: Buy on bullish divergence (price lower low, Stochastic higher low) + %K/%D cross up.
- Exit: Sell when Stochastic hits overbought territory or shows bearish divergence.

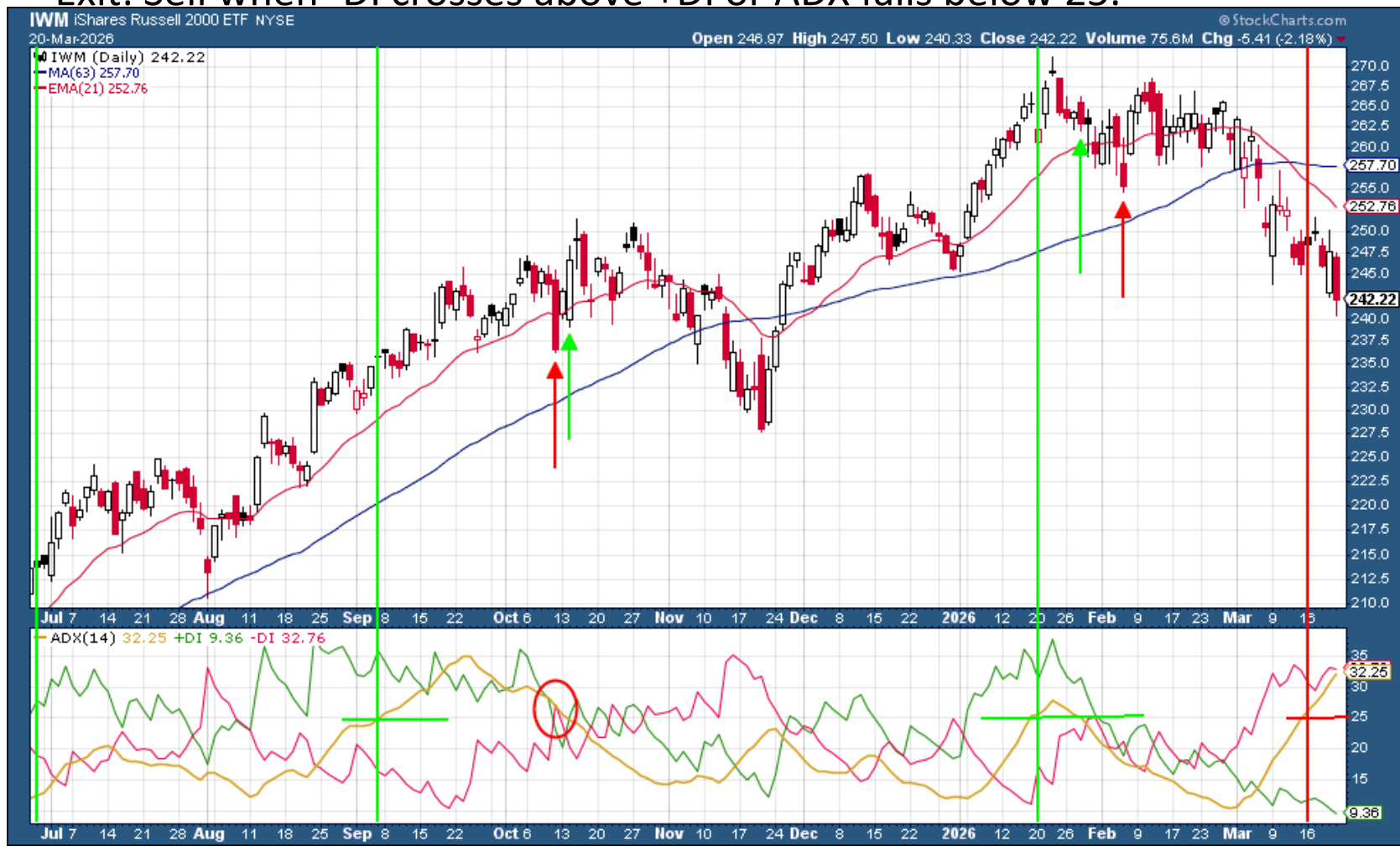


Equity Fund & ETF Investing (Continued)

ADX + DMI Possible Entries & Exits

DI Crossover with Trend Strength

- Entry (Long): Buy when +DI crosses above -DI and ADX rises above 25.
- Exit: Sell when -DI crosses above +DI or ADX falls below 25.

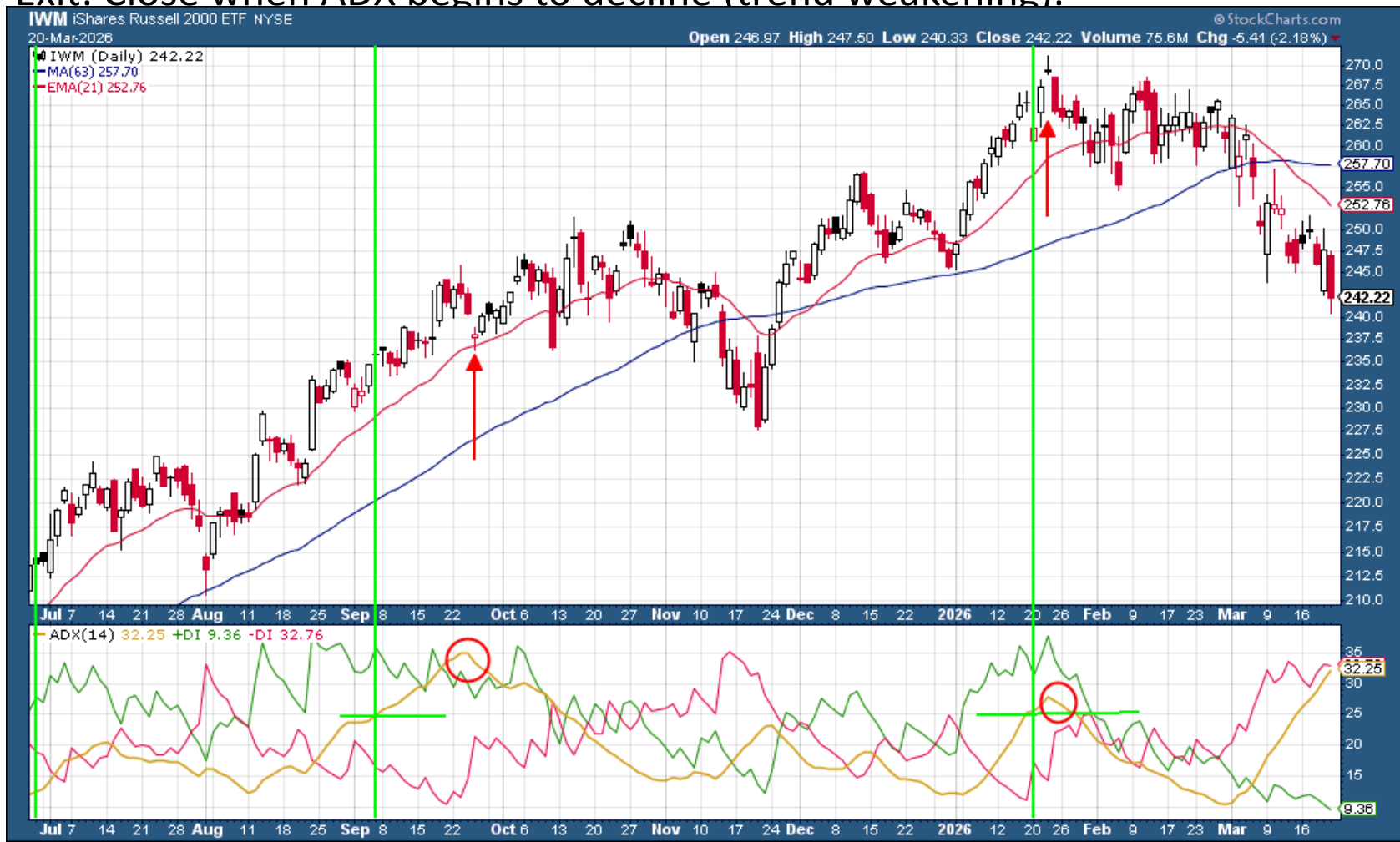


Equity Fund & ETF Investing (Continued)

ADX + DMI Possible Entries & Exits

Trend Strength Filter

- **Entry:** Enter long only when ADX is rising and above 25 (confirms strong trend).
- **Exit:** Close when ADX begins to decline (trend weakening).



Equity Fund & ETF Investing (Continued)

Sectors / Countries / etc.

- Review UPI of various ETFs

iShares Country ETFs:

EWJ Japan

EWY South Korea

EWZ Brazil

INDA India

EWT Taiwan

MCHI China

EWG Germany

EWC Canada

ILF Latin America

EWU United Kingdom

EWX Mexico

EWA Australia

Equity Fund & ETF Investing (Continued)

Order Types

- Market Orders – execute immediately at the current price
- Limit Orders – execute orders only at specified price or better
 - a) Avoid bad fills from wide spreads or low volume in an ETF
 - b) Great for price targets and less trade babysitting
- Always check bid/ask spread and daily/recent volume
- Day vs GTC (Good Til Cancelled)

Summary

- There is no perfect Indicator.
- Have a defined process. Stick to your process.
- Know the “big picture” market context and (generally) trade in that direction
- Know your go-to entry set-up, so you know it when you see it
- Use Limit orders
- Look at charts. Look at lots and lots of charts.



If you have any questions about the presentation, feel free to contact:

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