

Disclaimer

- Today's webinar is for educational purposes only.
- Nothing in today's presentation should be considered a recommendation to buy or sell any security.
- All stocks and options shown are examples only
- Any pricing or potential profitability shown does not take into account your trade size, brokerage commissions or taxes which will affect actual investment returns.
- Stocks and options involve risk and are not suitable for all investors and investing in options carries substantial risk.
- Past stock or option performance is no guarantee of future price appreciation or depreciation.
- Prior to buying or selling options, a person must receive a copy of Characteristics and Risks of Standardized Options available at: <http://www.cboe.com/Resources/Intro.aspx>.

InvestorsObserver Workshop

InvestorsObserver Workshop

- Charts
- What Else is Happening?
- Hot Right Now
- Member-driven content: Questions, site demonstrations, etc.
 - Can prepare slides for questions submitted ahead of time: Mention “workshop”

S&P 500



S&P 500
One Year

NASDAQ



Nasdaq
One Year

Russell 2000



Russell 2000
One Year

S&P 500 vs. Equal Weight

One Year



Growth vs. Value

VTV vs. VUG One year



Crude and Copper

180 Days



Wheat

180 Days



Hot Right Now

- Energy
 - Thermal Coal
 - Oil & Gas E&P
 - Oil & Gas Drilling
- Utilities
 - Independent Power Producers
 - Regulated Gas
 - Diversified
- Basic Materials
 - Coking Coal
 - Aluminum
 - Lumber & Wood Products
- Financial Services
 - Shell Companies
 - Insurance Property & Casualty
 - Insurance Diversified
- Consumer Defensive
 - Confections
 - Food Distribution
 - Tobacco

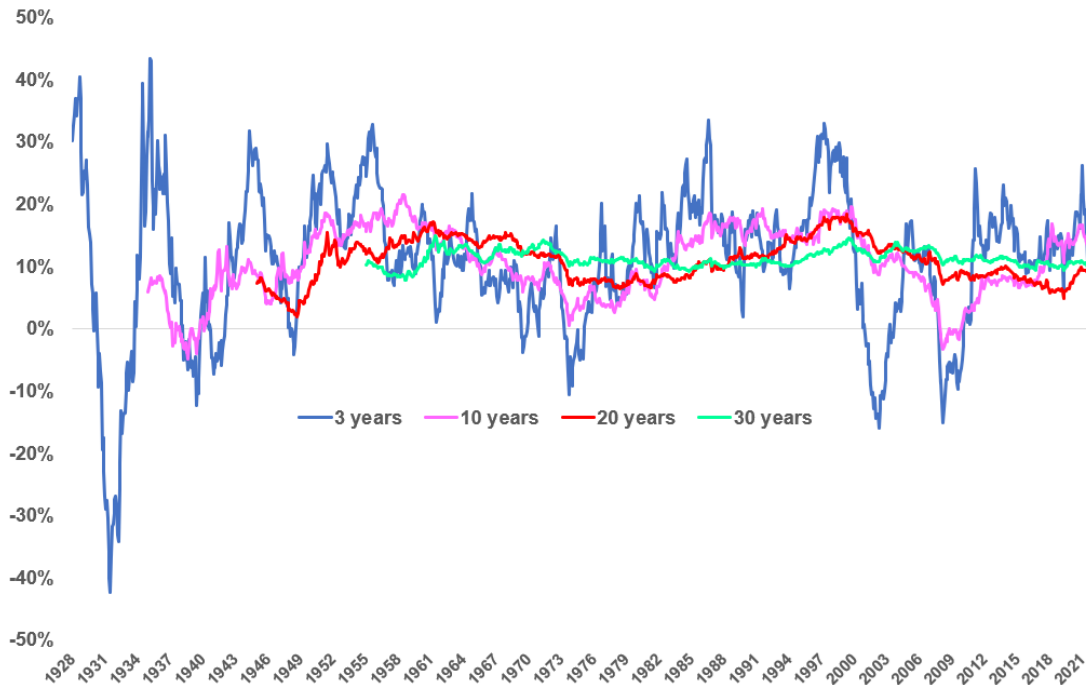
What Else is Going On?

- Recession Talk
 - Mostly just talk at this point
 - Labor market many other measures remain healthy
- Interest Rates / Inflation / Federal Reserve
 - Energy, other commodity prices well off of highs
 - Some of this is recession fears
 - Some is that prices ran up too high
 - Retail reports suggest discounting is about to make a comeback
 - Fed seems likely to go either .75% or 1.00% at next meeting
- Earnings Season
 - Early, but no big surprises so far
 - Lots of weak guidance and estimates may help market's reaction.
 - Netflix up after losing 1 million subscribers (guidance was for 2 million)
 - Focus on forward guidance and recession talk
 - Recession talk may or may not pan out, but how companies position themselves is important
 - Hoarding cash can help you get through a recession
 - Doesn't help grow the company

Should I Sell All My Stocks?

S&P 500 Rolling Returns: 1926-2022

Source: Returns 2.0



Returns over 20 and 30 years are always positive.

Even for ten years they're mostly positive

At three years you see some significant drawdowns, but the results are still mostly positive.

Lowest returns come from buying at the top. If you didn't sell at the top, I'm not sure why you'd want to sell now.

Questions?

To protect your portfolio from the downside, what do you suggest?

If you are a long term investor is this really necessary?

I have gained 12% this year and lost 12% since I didn't sell, guess that's not all bad, but feels like a standing still.

– Denise

- “Protect” can mean a lot of things
 - Hedging incurs costs, which serves as a drag on your performance.
 - A “perfect” hedge would gain \$1 for every dollar you lose, but the reverse would also be true
 - Diversification will see some things go up and down at different times, which reduces, but doesn’t eliminate volatility
- What is your definition of “long term”?
 - Decades? This is a blip
 - Five or ten years? We’re down far enough already that returns over that timeframe will likely be positive
 - Less than that, but more than a year? Returns are still probably positive
- Gains in the stock market aren’t linear
 - Ups and downs do feel like standing still, but over time, things tend to go up

Questions?

At times I struggle with emotional option trading decisions. Sometimes I tend to hold on to options that are going the wrong direction with the hope they will rebound, while also struggling to take a healthy profit in hopes of making even more. Can you comment, or offer any advice on potential “unemotional” exit strategies in these types of situations? –TJEG

- Have a plan
 - Why did you open the position?
 - Has that changed?
- Set expectations before you open
 - Based on your plan, what does a “win” look like?
 - What needs to happen for your trade to win?
 - What does a loss look like?
 - What needs to happen for you to lose?
- If things aren’t going according to plan, ask why
 - Whole market is bad?
 - Something specific to your position?

Questions?