

Business Plan for BSH Capital, LLC:

Purpose:

Maximize time-efficiency of compounding money and to grow wealth. The primary goal is to develop a track record of consistency in outperforming the stock market indexes by a significant margin.

Summary:

The company is starting as sole proprietorship. At least in the early stages, it is designed to be operated with relatively little time commitment, by following a structured operating process. The company trades stocks using a method designed to capture the most linear portion of an uptrend in price and manage risk.

Basis:

- The company owner has 6 years of daily active trading experience including multiple boom and bust cycles in the financial markets. Hundreds of variations of strategies were researched and tested in real time with actual capital.
- The company owner has 4 years' experience leading teams as large as 32 in business and finance and making business risk decisions in these roles, and 10 years of total business work experience.
- Tens of thousands of dollars and thousands of hours were the cost for trial and error in developing both a trading strategy and a mind capable of executing the strategy.
- Credit to Pradeep Bonde, Kristjan Kulamagi, Jack Ponti, and many others for the strategies employed by this company.

Operations:

The premise of the operating process is to be straightforward, repeatable, quick to execute, and possibly automatable. It is designed to capture the strongest part of a strong trend, otherwise known as a "momentum burst" (P.B.).

The company operates using three fundamental principles:

- Cut losing trades quickly.
- For winning trades, trail the 10 or 20-day (or in some cases greater) moving average, unless it reverses to entry price, in which case, end the trade.
- The level of risk taken increases with profit earned and decreases with losses taken.

It does not use other gauges for decision-making other than stocks existing in its universe. For example, it does not rely on stock market indexes. The condition of stocks in its universe, are assessed as whole, in context, and individually, to make trade decisions.

Expenses:

The company has extremely limited expenses and assets. The company is concerned with managing losses on trade decisions as expenses.

- \$250 per year membership to Seeking Alpha, stock market information-provider subscription
- \$50 per month subscription to Telechart 2000 software and real-time market data
- \$30 - \$50 per month for website and domain name
- An Asus laptop is the only asset outside of invested capital used for trading.

Risk limits:

These limits are primarily designed to maintain the owner/operator's rational decision-making by reducing excessive pressure.

- The company will not invest additional capital above the \$120,000 allocated, through any method, until it has at least 2 consecutive years of outperforming the S&P500.

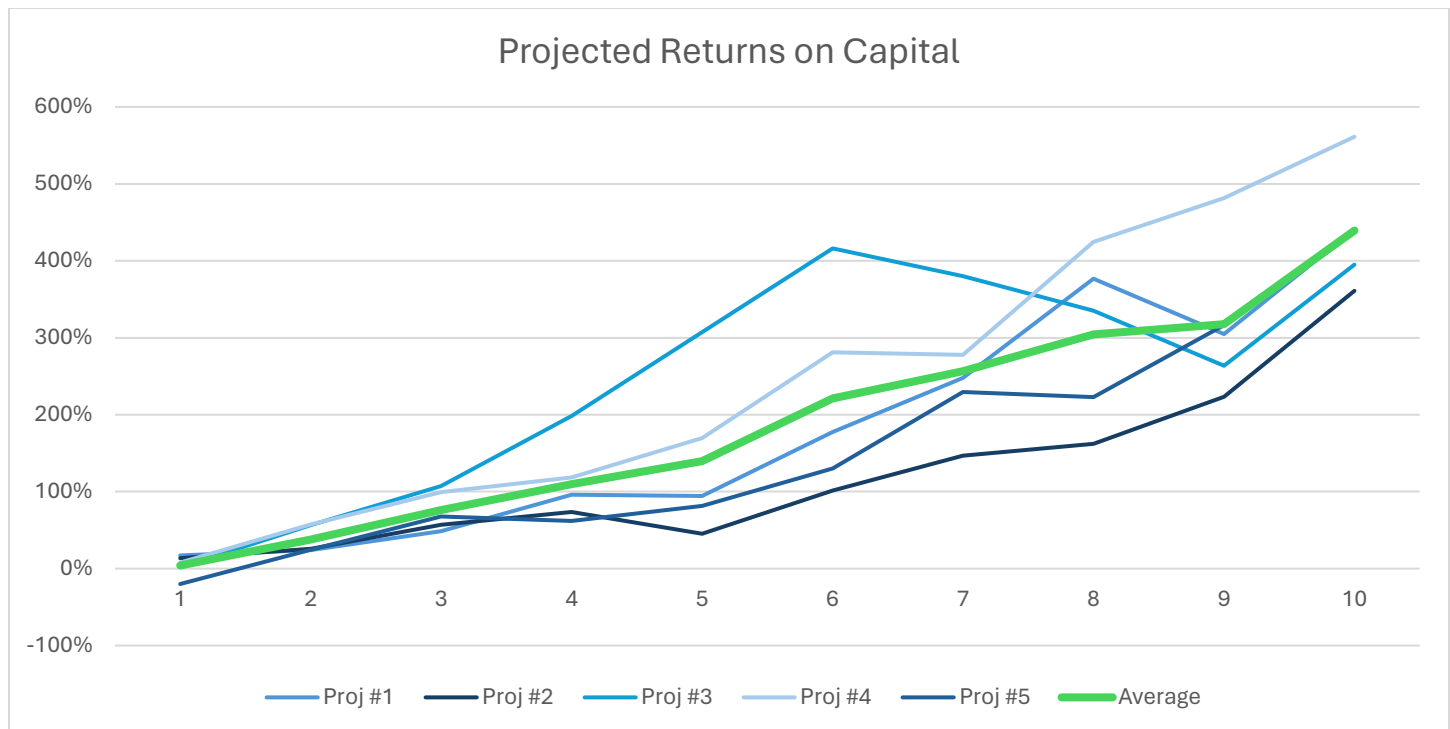
- The company's owner will maintain financial reserves equal to an absolute minimum of 1 year's living expenses, determined at this time to be \$35,000.
- The company will never lose more than 20% of starting capital in one calendar year. It will temporarily cease buying or selling any security, for the remainder of the calendar year, if it loses 20%.
- The company will allocate 10% of profits monthly to a savings account.

Process:

- The universe of stocks used is defined as any stock with a price greater than \$5.00 and an average daily liquidity of \$50m or greater (share price * shares traded). The universe is then sorted by the stocks with the largest percentage changes over various timeframes (trading days: 504, 252, 126, 50, 20, 10, 5), and the top 10-50 in each category are considered.
- It looks for trade entries where price has consolidated its range relative to prior prices and made a higher-low in its trend. The bet is that the stock's price has undergone price-decision and has been agreed upon in the short term by market participants and is likely to continue upward due to little supply (selling) and existing or increased demand (buying).
- A support level, where price has consolidated and undergone 'decision' before, at a lower price, near the entry price (relatively) is chosen before entry as a place of reference for risk, known as a "Stop". The trade is "stopped" if this price level is hit and the price stays below that level for 30 minutes or more, as the method to manage risk and execute the first fundamental principle of cutting losing trades quickly.
- For trades that become profitable, (the second fundamental principle) the 10 or 20-day moving average of price becomes the Stop, unless the 10-day moving average never reaches the entry price before the stock reverses back down to the entry price. If the price closes the day under its 10 or 20-day moving average, the stock is sold. For stocks with market capitalizations ~\$15-20b or below, the 10-day moving average is generally used, and the 20-day is generally used for market caps above that range.
- Each trade is recorded in a ledger, with the ticker symbol and dollar amount lost or gained. The purpose of the ledger is to track and provide visibility and measurement of how the company is performing, so the company can use the proper amount of risk in its next trade(s). By using a sliding scale of risk based on performance, the company can manage risk, control losses, and track profitability.
- The company operates using 4 stages of a market cycle:
 - Uptrend: this is where most stocks are trending up, where the profits are generated, and where the process outlined above is executed.
 - Questioning trend:
 - This is a pause zone, usually with most stocks between their 20-day and 50-day moving averages. The concept of cyclical bottom applies here except in a smaller fractal.
 - Make no trades; wait, observe, and plan for the next advance by identifying target stocks.
 - Downtrend: the majority of stocks are below their 200-day moving averages and in downtrends.
 - Make no trades; wait, observe, and plan for the next advance by identifying target stocks.
 - Cyclical bottom:
 - There are no stocks up enough in past year to fit the criteria; shift to cyclical strategy.
 - Find companies with a history of large price moves over a longer period, that took significant hits during the cyclical downturn, and research them.
 - identify consolidating price-action around whole, round numbers, increase space between entry and stop price, and expand trail-stop to the 50-day, or greater, moving average.

- Tighten the trail to a lower moving average once the market moves into speculative phase and the individual stock is doing the same.
- Allow these stocks room to recover and develop the price momentum found in speculative stocks.
- The concept of using past price history of massive percentage gains remains the same; replace 100%+ gain in past year, with 1000%+ gain from inception to peak, and 75%+ loss during cyclical downturn.

Projections of profits:



The S&P has made positive returns in 74 of the last 100 years. The last 5 sets of 10-year S&P returns, going back 50 years, is used to model 5 samples of possible 10-year returns. ([Table below](#))

- In 2023, the S&P returned 26% vs company's return of 39%; which is 150% of the S&P's return.
- Projected Returns Column: is based on the company maintaining just 50% of its outperformance of the S&P in 2023, meaning outperforming the S&P by 25% in positive years.
- There has not been a measured losing year yet, so losing years are measured as follows:
 - Equal to the S&P's losses per year, capped at 20% per year as a max-loss, stop-operations protocol.
- This model predicts and sets a standard for the next 10 years for the company to earn a compounded return of 439%.
 - Using only the initial \$120,000 in capital, this is \$439,000 in profit.
- Scaling would likely begin well before the 10-year mark, but that is not factored in here.
 - Scaling via attracting outside capital and increasing relative bet-size through consistency.
 - Scaling is planned to begin after 3 consecutive years of matching or exceeding these projections.

- There is potential to double or triple this return in a combination of good conditions, minimized relative losses, and *once established track record of a few years*, increased bet-sizing.
- The Company has a long-term goal of achieving \$10m in profits over 20 years, through scaling.

The table below details, for each 10-year sample, the projected return, money allocated to savings, per risk limits, and additional capital added, to show total profit over time.

10-YEAR PROFIT PROJECTIONS (AVG OF BELOW):					PROFIT %	439%	PROFIT \$	\$	TOTAL MONEY	\$	
								439,350.93	\$	551,140.67	
Proj Returns 1	Year	Start	\$ After 1 Yr Return	Yr's Profit	Savings	Total Savings	External Addition	Brokerage Total EoY	Total Profit	Total Money	Total % Profit
		\$		\$	\$	\$	\$	\$	\$	\$	
17%	1	120,000.00	\$ 140,535.00	20,535.00	2,053.50	2,053.50	6,000.00	144,481.50	20,535.00	146,535.00	17%
		\$		\$	\$	\$	\$	\$	\$	\$	
2%	2	144,481.50	\$ 146,973.81	2,492.31	249.23	2,302.73	6,600.00	153,324.58	29,027.31	155,627.31	24%
		\$		\$	\$	\$	\$	\$	\$	\$	
15%	3	153,324.58	\$ 176,246.60	22,922.02	2,292.20	4,594.93	7,260.00	181,214.40	58,549.33	185,809.33	49%
		\$		\$	\$	\$	\$	\$	\$	\$	
27%	4	181,214.40	\$ 230,663.28	49,448.88	4,944.89	9,539.82	7,986.00	233,704.39	115,258.21	243,244.21	96%
		\$		\$	\$	\$	\$	\$	\$	\$	
-4%	5	233,704.39	\$ 223,468.14	(10,236.25)	-	9,539.82	8,784.60	232,252.74	113,007.96	241,792.56	94%
		\$		\$	\$	\$	\$	\$	\$	\$	
39%	6	232,252.74	\$ 323,673.22	91,420.48	9,142.05	18,681.87	9,663.06	324,194.23	213,213.04	342,876.10	178%
		\$		\$	\$	\$	\$	\$	\$	\$	
23%	7	324,194.23	\$ 398,758.90	74,564.67	7,456.47	26,138.34	10,629.37	401,931.80	297,440.77	428,070.14	248%
		\$		\$	\$	\$	\$	\$	\$	\$	
36%	8	401,931.80	\$ 546,175.08	144,243.28	14,424.33	40,562.66	11,692.30	543,443.05	452,313.41	584,005.72	377%
		\$		\$	\$	\$	\$	\$	\$	\$	
-18%	9	543,443.05	\$ 445,025.52	(98,417.54)	-	40,562.66	12,861.53	457,887.05	365,588.18	498,449.71	305%
		\$		\$	\$	\$	\$	\$	\$	\$	
33%	10	457,887.05	\$ 608,360.18	150,473.13	15,047.31	55,609.98	14,147.69	607,460.55	528,922.84	663,070.53	441%
		\$		\$	\$	\$	\$	\$	\$	\$	
Proj Returns 2	Year	Start	\$ After 1 Yr Return	Yr's Profit	Savings	Total Savings	External Addition	Brokerage Total EoY	Total Profit	Total Money	Total % Profit
		\$		\$	\$	\$	\$	\$	\$	\$	
14%	1	120,000.00	\$ 136,320.00	16,320.00	1,632.00	1,632.00	6,000.00	140,688.00	16,320.00	142,320.00	14%
		\$		\$	\$	\$	\$	\$	\$	\$	
6%	2	140,688.00	\$ 149,322.73	8,634.73	863.47	2,495.47	6,600.00	155,059.25	30,954.73	157,554.73	26%
		\$		\$	\$	\$	\$	\$	\$	\$	
20%	3	155,059.25	\$ 185,664.07	30,604.82	3,060.48	5,555.95	7,260.00	189,863.59	68,159.55	195,419.55	57%
		\$		\$	\$	\$	\$	\$	\$	\$	
7%	4	189,863.59	\$ 202,892.98	13,029.39	1,302.94	6,858.89	7,986.00	209,576.04	88,448.94	216,434.94	74%
		\$		\$	\$	\$	\$	\$	\$	\$	
-20%	5	209,576.04	\$ 167,660.83	(41,915.21)	-	6,858.89	8,784.60	176,445.43	54,519.73	183,304.33	45%
		\$		\$	\$	\$	\$	\$	\$	\$	
33%	6	176,445.43	\$ 234,804.76	58,359.33	5,835.93	12,694.83	9,663.06	238,631.89	121,663.65	251,326.71	101%
		\$		\$	\$	\$	\$	\$	\$	\$	
19%	7	238,631.89	\$ 283,554.34	44,922.45	4,492.25	17,187.07	10,629.37	289,691.46	176,249.17	306,878.53	147%
		\$		\$	\$	\$	\$	\$	\$	\$	
3%	8	289,691.46	\$ 297,332.07	7,640.61	764.06	17,951.13	11,692.30	308,260.31	194,519.14	326,211.45	162%
		\$		\$	\$	\$	\$	\$	\$	\$	
20%	9	308,260.31	\$ 369,912.38	61,652.06	6,165.21	24,116.34	12,861.53	376,608.70	267,863.51	400,725.04	223%
		\$		\$	\$	\$	\$	\$	\$	\$	
40%	10	376,608.70	\$ 529,088.15	152,479.45	15,247.94	39,364.28	14,147.69	527,987.89	433,204.49	567,352.18	361%
		\$		\$	\$	\$	\$	\$	\$	\$	
Proj Returns 3	Year	Start	\$ After 1 Yr Return	Yr's Profit	Savings	Total Savings	External Addition	Brokerage Total EoY	Total Profit	Total Money	Total % Profit
		\$		\$	\$	\$	\$	\$	\$	\$	
2%	1	120,000.00	\$ 121,980.00	1,980.00	198.00	198.00	6,000.00	127,782.00	1,980.00	127,980.00	2%
		\$		\$	\$	\$	\$	\$	\$	\$	
47%	2	127,782.00	\$ 187,807.59	60,025.59	6,002.56	6,200.56	6,600.00	188,405.04	68,005.59	194,605.59	57%
		\$		\$	\$	\$	\$	\$	\$	\$	
29%	3	188,405.04	\$ 242,477.28	54,072.25	5,407.22	11,607.78	7,260.00	244,330.06	128,677.84	255,937.84	107%
		\$		\$	\$	\$	\$	\$	\$	\$	
42%	4	244,330.06	\$ 346,215.69	101,885.63	10,188.56	21,796.35	7,986.00	344,013.13	237,823.47	365,809.47	198%
		\$		\$	\$	\$	\$	\$	\$	\$	
36%	5	344,013.13	\$ 466,911.81	122,898.69	12,289.87	34,086.22	8,784.60	463,406.55	368,708.16	497,492.76	307%
		\$		\$	\$	\$	\$	\$	\$	\$	

		\$		\$	\$	\$	\$	\$	\$	\$	
26%	6	463,406.55	\$ 585,282.47	121,875.92	12,187.59	46,273.81	9,663.06	582,757.93	499,368.68	629,031.74	416%
		\$		\$	\$	\$	\$	\$	\$	\$	
-9%	7	582,757.93	\$ 529,726.96	(53,030.97)	-	46,273.81	10,629.37	540,356.33	456,000.77	586,630.14	380%
		\$		\$	\$	\$	\$	\$	\$	\$	
-12%	8	540,356.33	\$ 476,107.96	(64,248.37)	-	46,273.81	11,692.30	487,800.26	402,381.77	534,074.07	335%
		\$		\$	\$	\$	\$	\$	\$	\$	
-20%	9	487,800.26	\$ 390,240.21	(97,560.05)	-	46,273.81	12,861.53	403,101.74	316,514.02	449,375.55	264%
		\$		\$	\$	\$	\$	\$	\$	\$	
36%	10	403,101.74	\$ 547,613.72	144,511.98	14,451.20	60,725.01	14,147.69	547,310.21	473,887.53	608,035.21	395%
Proj			\$ After 1 Yr			Total	External	Brokerage			Total %
Returns 4	Year	Start	Return	Yr's Profit	Savings	Savings	Addition	Total EoY	Total Profit	Total Money	Profit
		\$		\$	\$	\$	\$	\$	\$	\$	
8%	1	120,000.00	\$ 129,405.00	9,405.00	940.50	940.50	6,000.00	134,464.50	9,405.00	135,405.00	8%
		\$		\$	\$	\$	\$	\$	\$	\$	
40%	2	134,464.50	\$ 187,796.48	53,331.98	5,333.20	6,273.70	6,600.00	189,063.28	68,736.98	195,336.98	57%
		\$		\$	\$	\$	\$	\$	\$	\$	
23%	3	189,063.28	\$ 233,185.93	44,122.64	4,412.26	10,685.96	7,260.00	236,033.66	119,459.63	246,719.63	100%
		\$		\$	\$	\$	\$	\$	\$	\$	
7%	4	236,033.66	\$ 251,523.37	15,489.71	1,548.97	12,234.93	7,986.00	257,960.40	142,209.34	270,195.34	119%
		\$		\$	\$	\$	\$	\$	\$	\$	
21%	5	257,960.40	\$ 311,519.43	53,559.03	5,355.90	17,590.84	8,784.60	314,948.13	203,754.36	332,538.96	170%
		\$		\$	\$	\$	\$	\$	\$	\$	
40%	6	314,948.13	\$ 439,706.95	124,758.83	12,475.88	30,066.72	9,663.06	436,894.13	337,297.79	466,960.85	281%
		\$		\$	\$	\$	\$	\$	\$	\$	
-3%	7	436,894.13	\$ 423,350.41	(13,543.72)	-	30,066.72	10,629.37	433,979.78	333,417.13	464,046.50	278%
		\$		\$	\$	\$	\$	\$	\$	\$	
38%	8	433,979.78	\$ 599,271.83	165,292.05	16,529.20	46,595.92	11,692.30	594,434.93	509,338.55	641,030.85	424%
		\$		\$	\$	\$	\$	\$	\$	\$	
10%	9	594,434.93	\$ 651,054.85	56,619.93	5,661.99	52,257.92	12,861.53	658,254.39	577,650.78	710,512.31	481%
		\$		\$	\$	\$	\$	\$	\$	\$	
13%	10	658,254.39	\$ 741,194.45	82,940.05	8,294.01	60,551.92	14,147.69	747,048.13	673,452.36	807,600.05	561%
Proj			\$ After 1 Yr			Total	External	Brokerage			Total %
Returns 5	Year	Start	Return	Yr's Profit	Savings	Savings	Addition	Total EoY	Total Profit	Total Money	Profit
		\$		\$	\$	\$	\$	\$	\$	\$	
-20%	1	120,000.00	\$ 96,000.00	(24,000.00)	-	-	6,000.00	102,000.00	(24,000.00)	102,000.00	-20%
		\$		\$	\$	\$	\$	\$	\$	\$	
47%	2	102,000.00	\$ 149,430.00	47,430.00	4,743.00	4,743.00	6,600.00	151,287.00	29,430.00	156,030.00	25%
		\$		\$	\$	\$	\$	\$	\$	\$	
30%	3	151,287.00	\$ 196,370.53	45,083.53	4,508.35	9,251.35	7,260.00	199,122.17	81,113.53	208,373.53	68%
		\$		\$	\$	\$	\$	\$	\$	\$	
-7%	4	199,122.17	\$ 184,825.20	(14,296.97)	-	9,251.35	7,986.00	192,811.20	74,076.55	202,062.55	62%
		\$		\$	\$	\$	\$	\$	\$	\$	
8%	5	192,811.20	\$ 208,621.72	15,810.52	1,581.05	10,832.40	8,784.60	215,825.27	97,873.07	226,657.67	82%
		\$		\$	\$	\$	\$	\$	\$	\$	
23%	6	215,825.27	\$ 265,572.99	49,747.72	4,974.77	15,807.18	9,663.06	270,261.28	156,405.40	286,068.46	130%
		\$		\$	\$	\$	\$	\$	\$	\$	
41%	7	270,261.28	\$ 379,784.66	109,523.38	10,952.34	26,759.52	10,629.37	379,461.69	275,591.84	406,221.21	230%
		\$		\$	\$	\$	\$	\$	\$	\$	
-5%	8	379,461.69	\$ 360,830.12	(18,631.57)	-	26,759.52	11,692.30	372,522.42	267,589.64	399,281.94	223%
		\$		\$	\$	\$	\$	\$	\$	\$	
27%	9	372,522.42	\$ 472,870.65	100,348.23	10,034.82	36,794.34	12,861.53	475,697.36	379,630.17	512,491.70	316%
		\$		\$	\$	\$	\$	\$	\$	\$	
28%	10	475,697.36	\$ 609,844.02	134,146.66	13,414.67	50,209.00	14,147.69	610,577.04	526,638.36	660,786.04	439%

General Plan to Scale:

Changes to Method:

- Transition from trading speculative momentum to buying cyclical bottoms in good companies with history of massive growth that took hits for reasons outside of core product or service; ex; economic conditions, or internal mistakes, that are fixable. Less speculative and more value-based but still based in price-sensitive assessment, with very similar characteristics as the stocks with speculative momentum.
- The universe of stocks used for trading will be adjusted as the company's liquidity grows to focus on stocks with higher market capitalizations and higher daily liquidity so that the company can

most effectively utilize its growing capital and avoid pitfalls of low relative liquidity such as inability to enter/exit quickly and price slippage.

- The time horizon for holding positions will increase as well because the structural nature of stocks with high market capitalizations and high liquidity lends to more durable and persistent price movements as opposed to faster acceleration and short duration moves in stocks with a lower market capitalization.
 - This is due to the sheer amount of liquidity being moved into high market-cap stocks as well as the size of the float. This also makes for a more secure asset to allocate larger amounts of capital.
 - The general direction of scaling will be increasing time-horizon, greater liquidity, and lower relative buy-points.
- Scaling will also require financial security outside of trading or investment capital, as both a risk management measure and a performance-enhancer, which is outlined in the Risk Limits section.

Outside Capital:

- Begin to attract outside capital via proven track record of outperformance.
 - Initial cap on outside capital will be 50% of original capital, then scale upwards with success, similar to trading process.
 - Build a website and social media accounts to create awareness of outperformance.
 - Use a percentage-based profit-split, and not a fixed fee, as payment for managing outside capital.
 - At least until 8-figures in AUM.

Credits to mentors:

- Pradeep Bonde;
 - Designing TC2000 scan ideas to find specific characteristics, such as the 5-504 concept (in Process section) for finding the largest % gains over various periods of time.
 - The concept of self-efficacy as a driving factor for success.
 - Momentum Burst concept – core concept for this style of trading; the idea of “capture the strongest part of a strong trend”
 - Using the concept of a stock’s “float” or available shares to trade in retail, as a measure of available supply. Small supply + large demand = large move in price.
- Kristjan Kullamagi;
 - *Quality* of momentum – identifying stocks with the most potential based on *how* their price moves and characteristics such as current market theme.
 - Concept of Theme – identifying market “themes” or specific products/concepts that are hot in the current market environment and using that to gain conviction on trades, predict what’s moving next, and find other opportunities with high probability of working.
 - Moving average pullback – a high-*quality* momentum stock above a moving average (typically the 10-day or 20-day) should consolidate around and typically above a moving average and often use it as a support level.
 - Maximizing bullish periods and accepting drawdowns – he is extremely good at maximizing bullish market environments. He profits so much in short periods of optimal conditions that he can sustain his P&L in a drawdown much of the time, when conditions are sub-optimal.
- Jack Ponti (NDA, general concepts only);
 - Concept of price compression and expansion. This is another core concept in the strategy. Momentum bursts are based on compression and expansion of price as well as

the risk management by P&L; sliding risk scale based on the compression of loss size and expansion of win size.

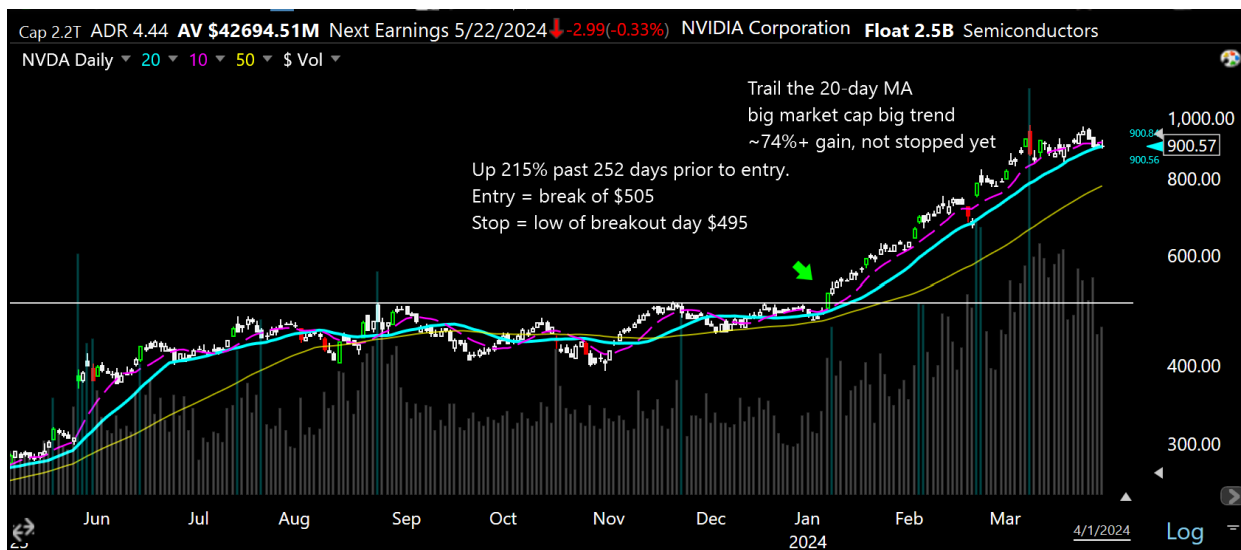
- Moving averages – used moving averages in ways beyond anything else the owner has ever seen. The specific methods are not used in current strategy as they are designed more for day-trading, but it was proof that moving averages work.
- Visualization of concepts on chart by building indicators – He built and designed his screen to show him anything he wanted to see in any way he wanted to see it. The creativity and the concept of creating a visualization custom to the individual trader was a major influence.
- Top-tier human trade execution – training like a professional, execution like an athlete, regardless of circumstances.
- Bill Ackman – (investing; to scale the business);
 - Buying great companies when they make fixable mistakes.

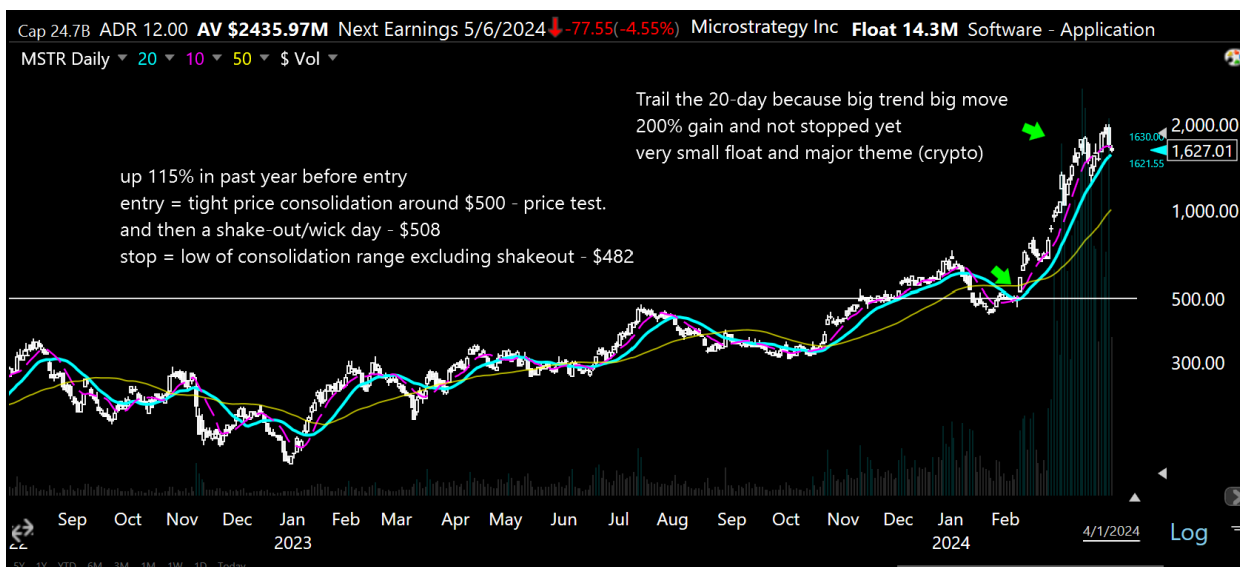
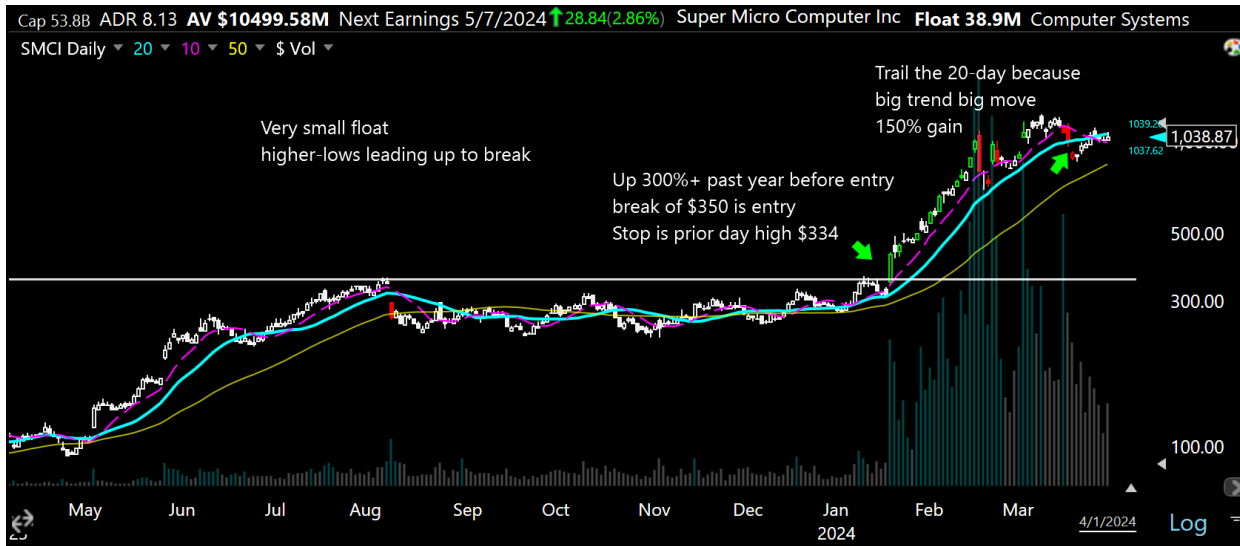
Examples of strategy: consistently updated for recency.

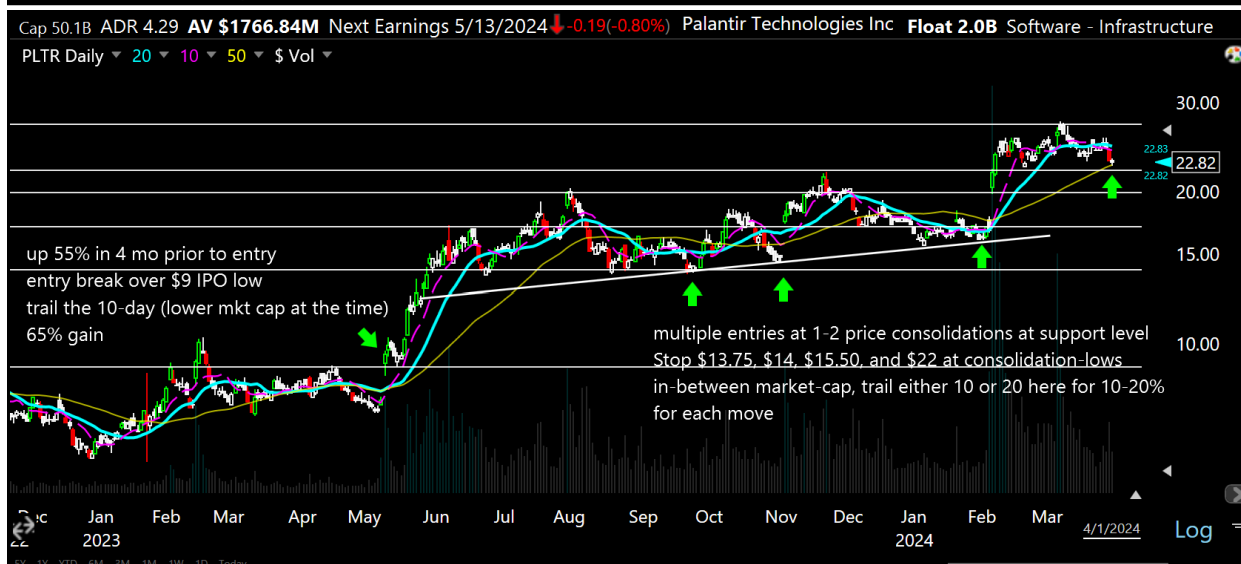
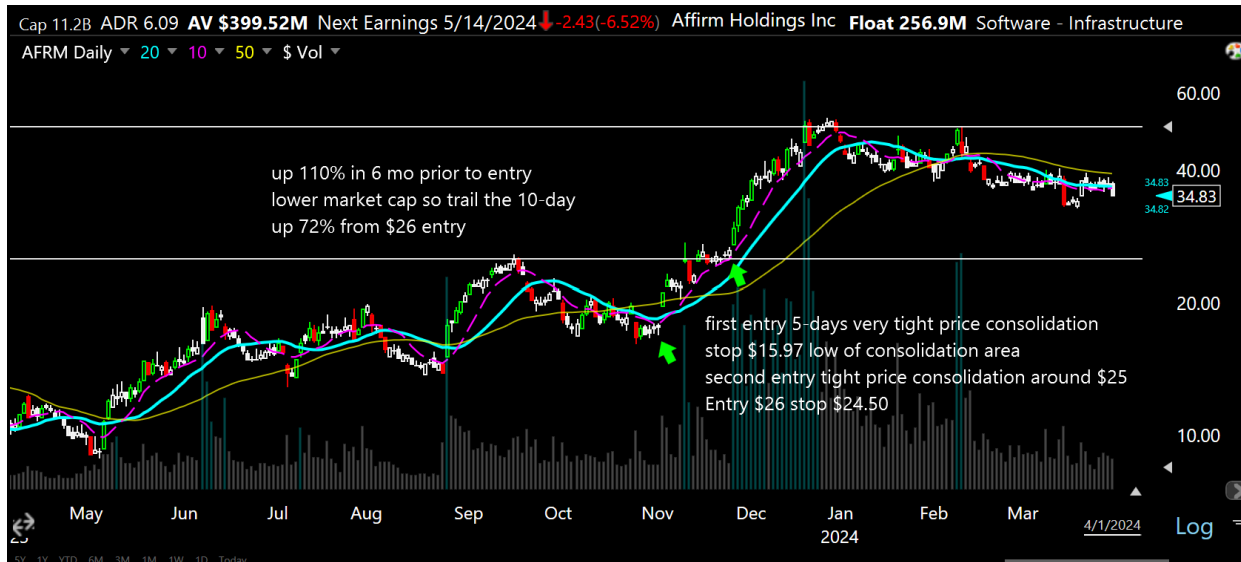
List #1, Winners; – purposefully showing the **clearest and best** examples of this strategy **working well**.

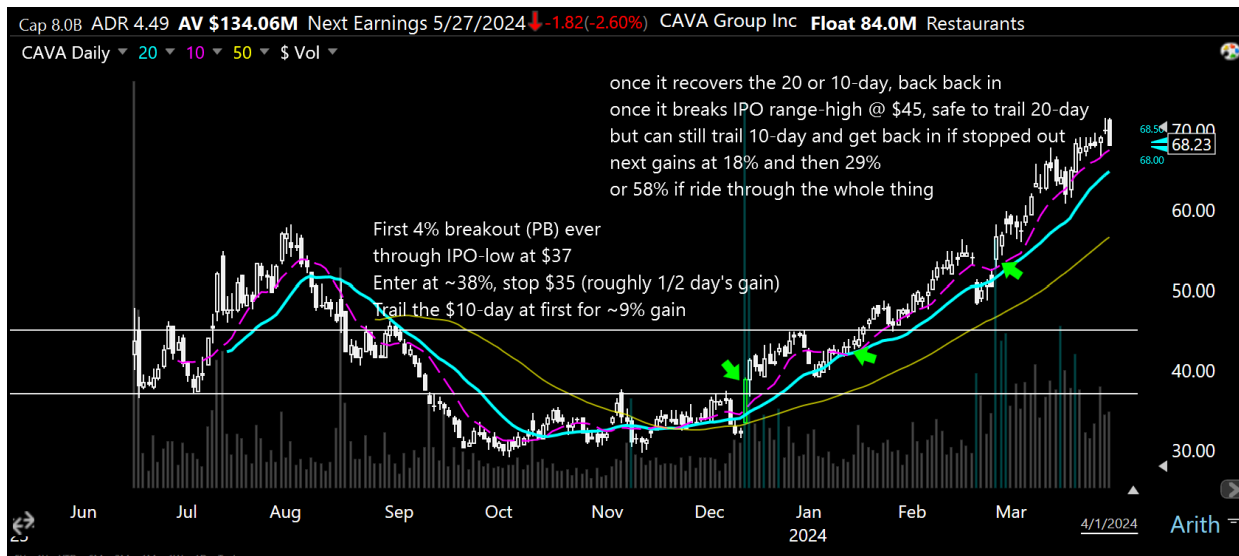
Intentionally simple strategy built for execution:

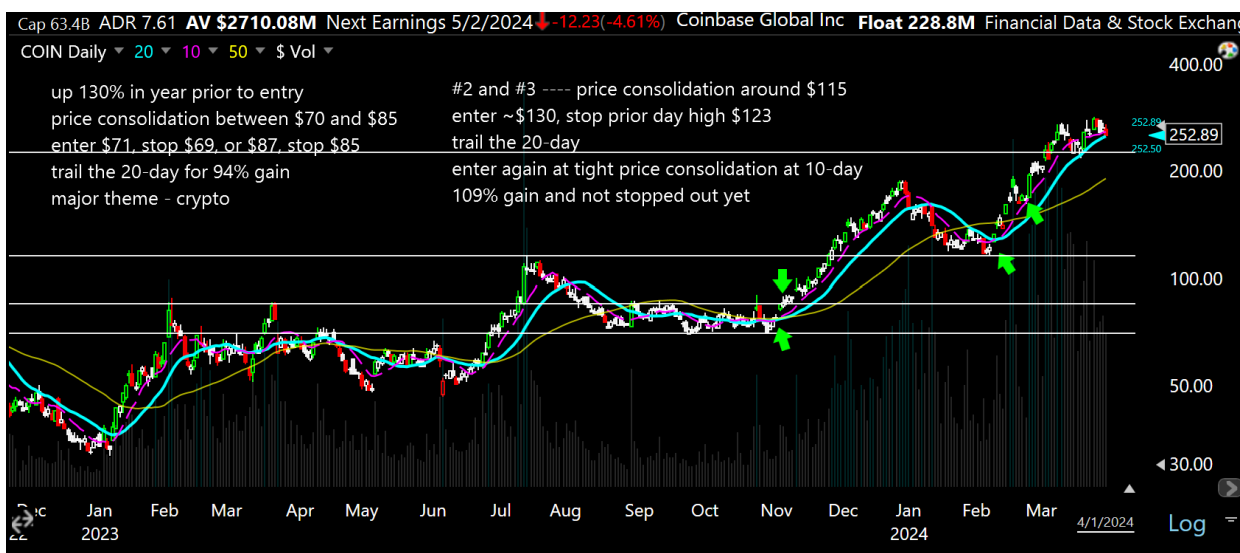
- Find stocks up 100% in the past 252 trading days (one year) or smaller amount in comparable amount of time, for example 50% in 6 months, that meet liquidity standard in Process section.
- Look for them to display price-decision aka consolidation around a clear, whole, round number; ex; \$5, \$10, \$25, \$50, \$75, \$100, \$150, \$200, etc.
- Enter when they break a period of price consolidation and use a stop either at the low of that day, high of prior day, or low of the consolidation period.
- Once trade is profitable, trail the 10-day as a stop for smaller market caps < ~\$15-\$20b and trail the 20-day for larger market caps > \$15-\$20b. Trailing means to sell if the stock **closes** under its designated moving average at the end of a trading day.
- Often, more than one entry is required because the method is not perfect; it's designed to capture the strongest period of strong trends and manage risk.

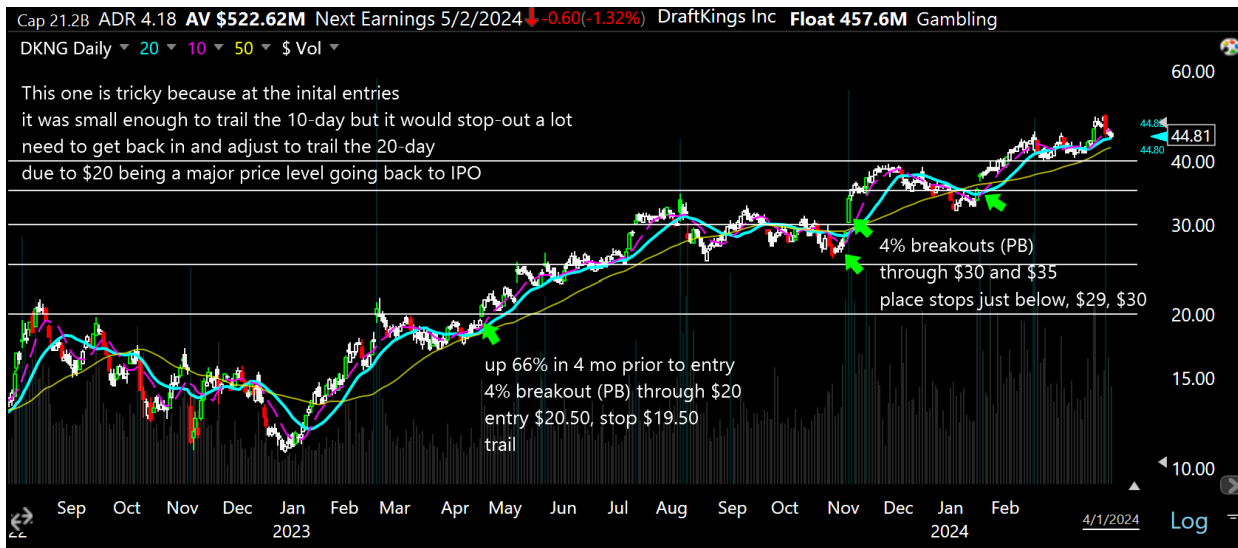


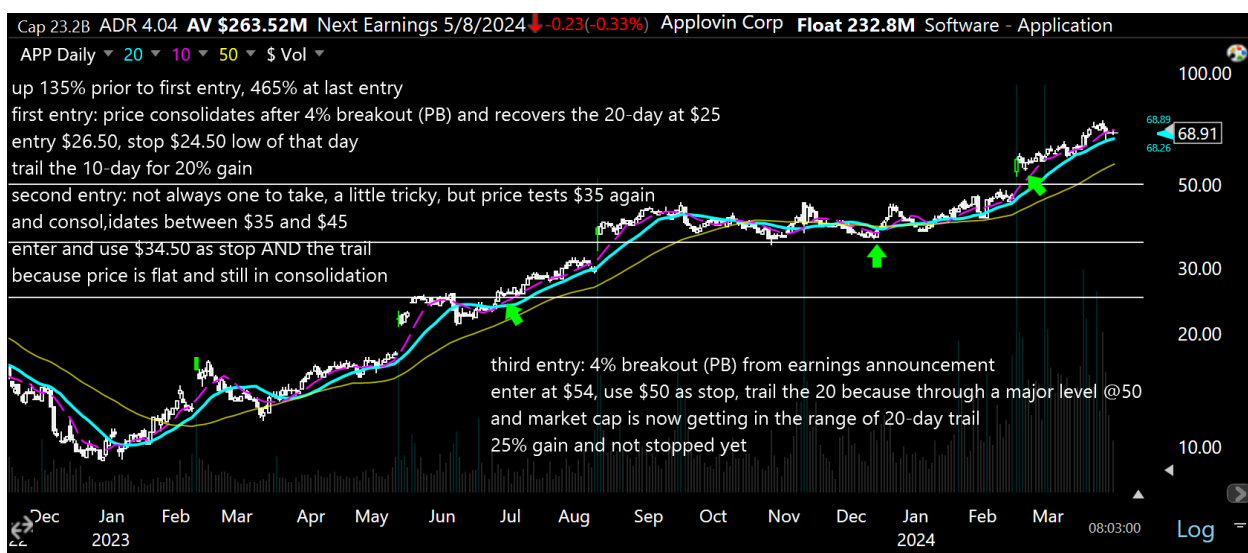
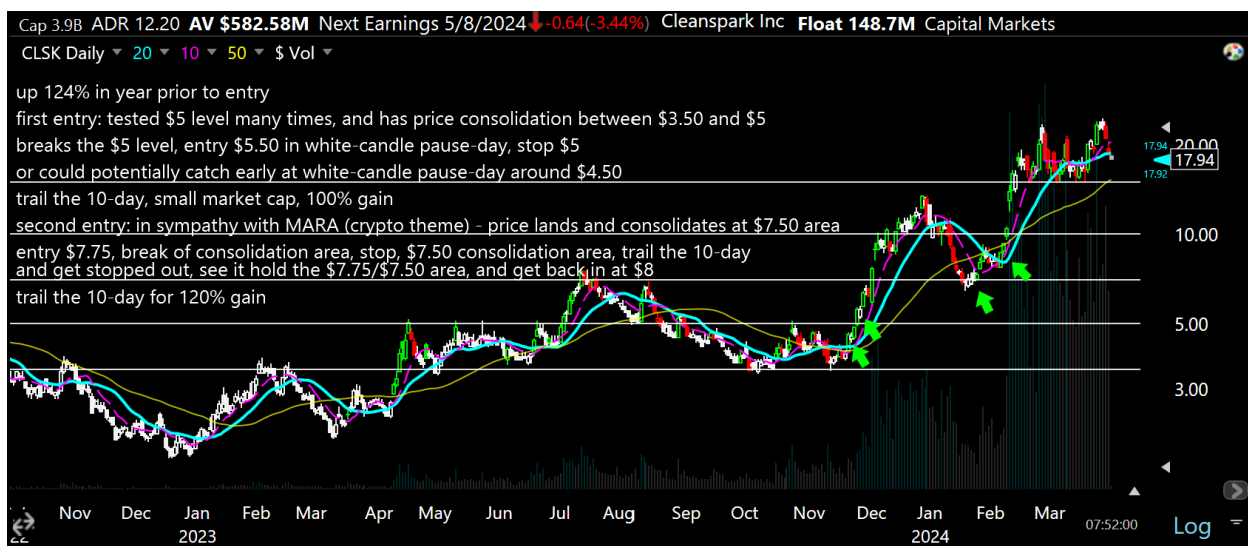
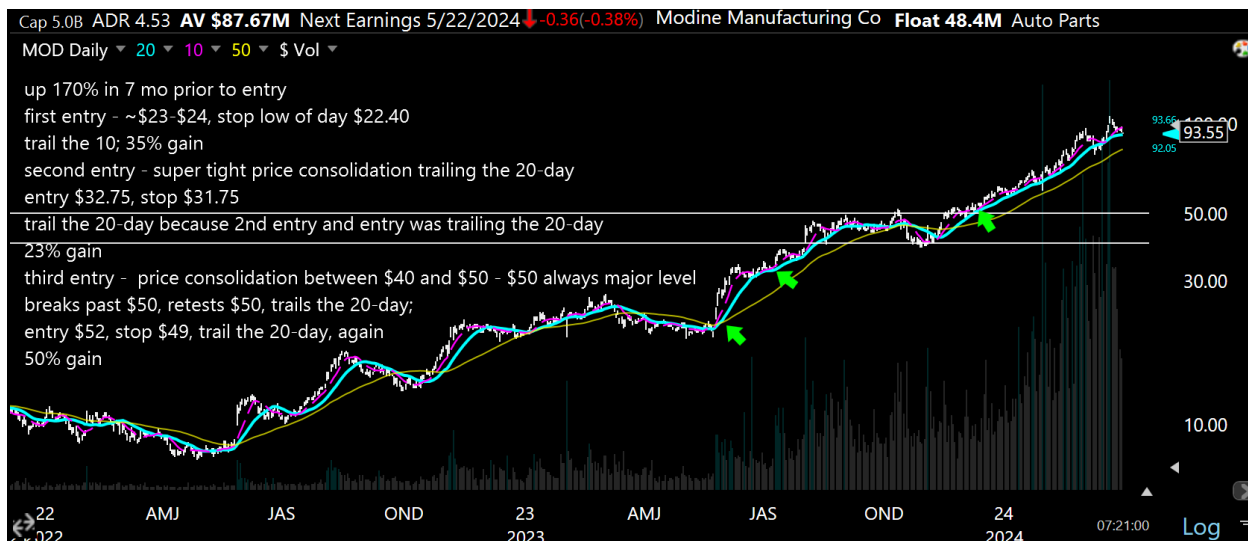


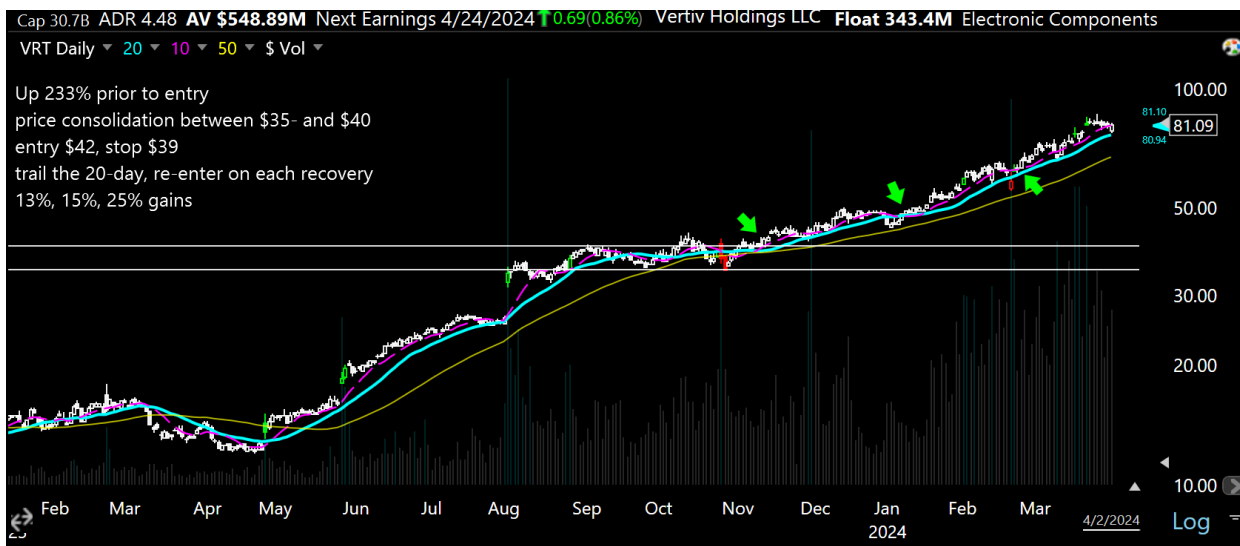
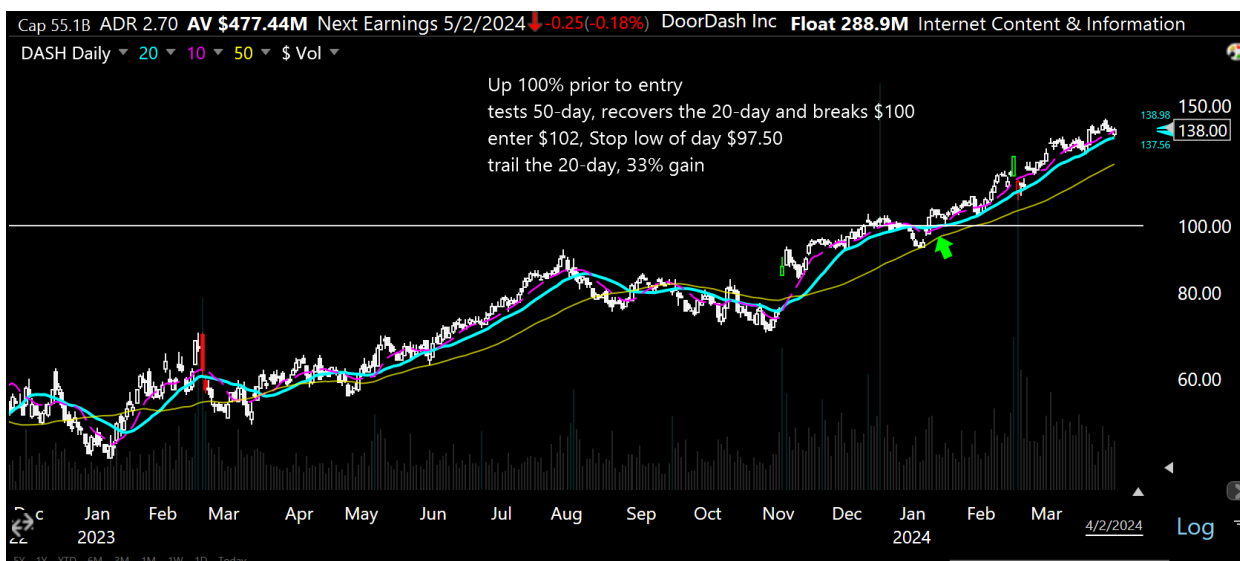
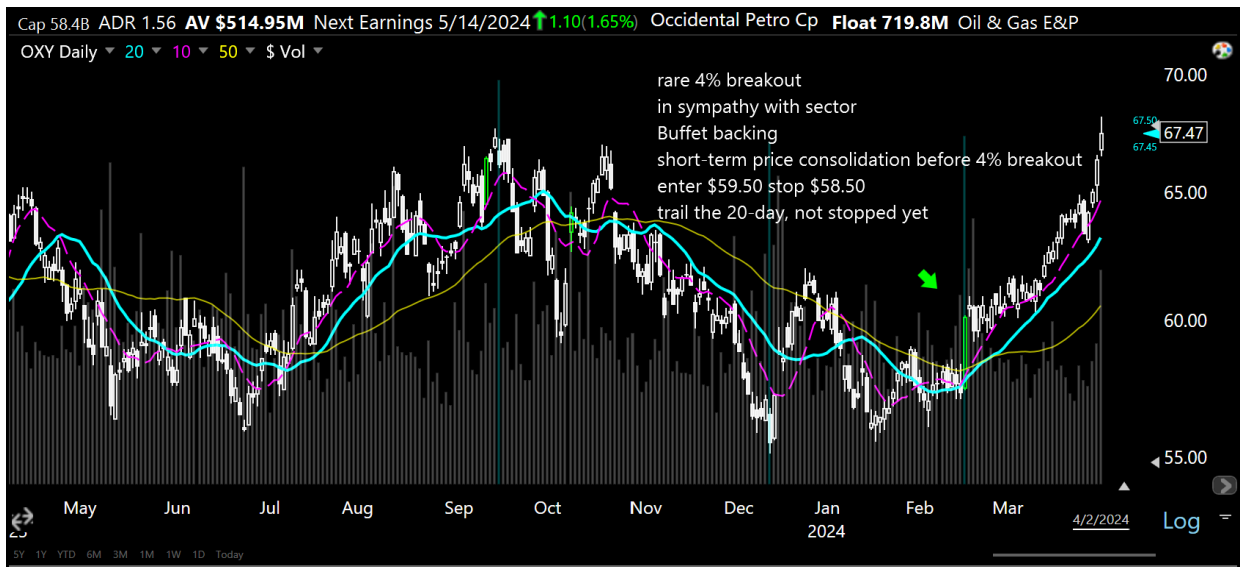






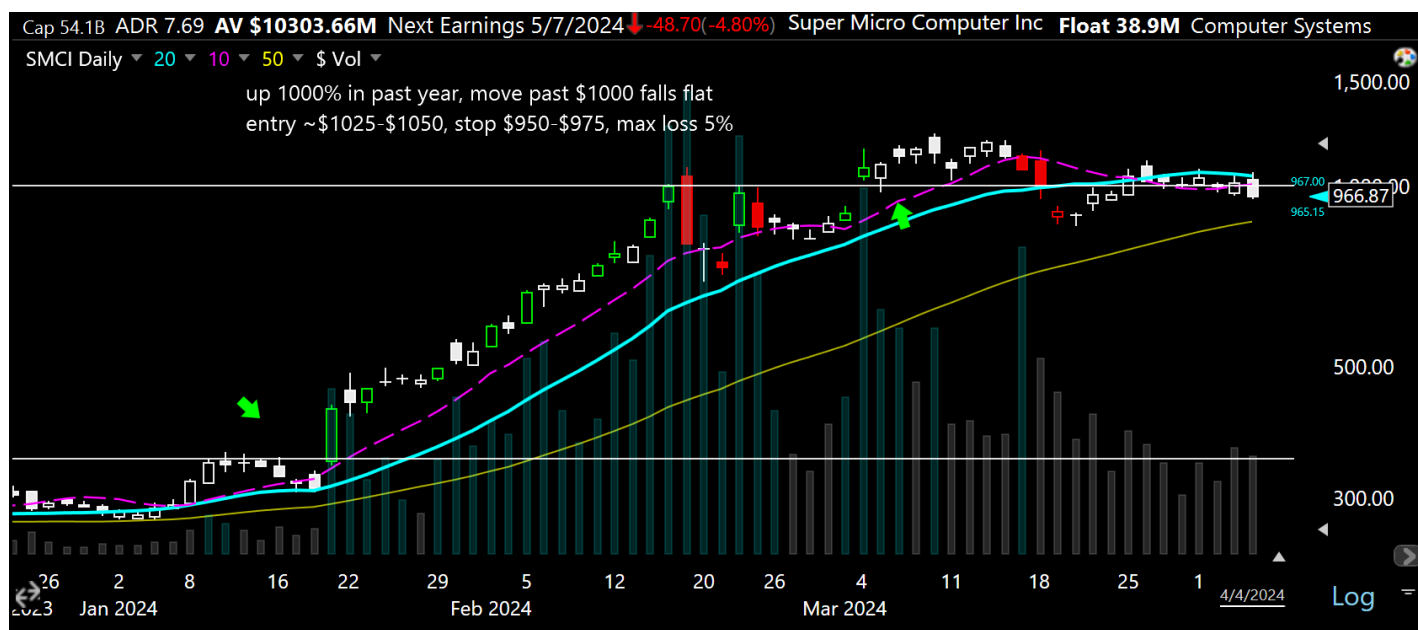


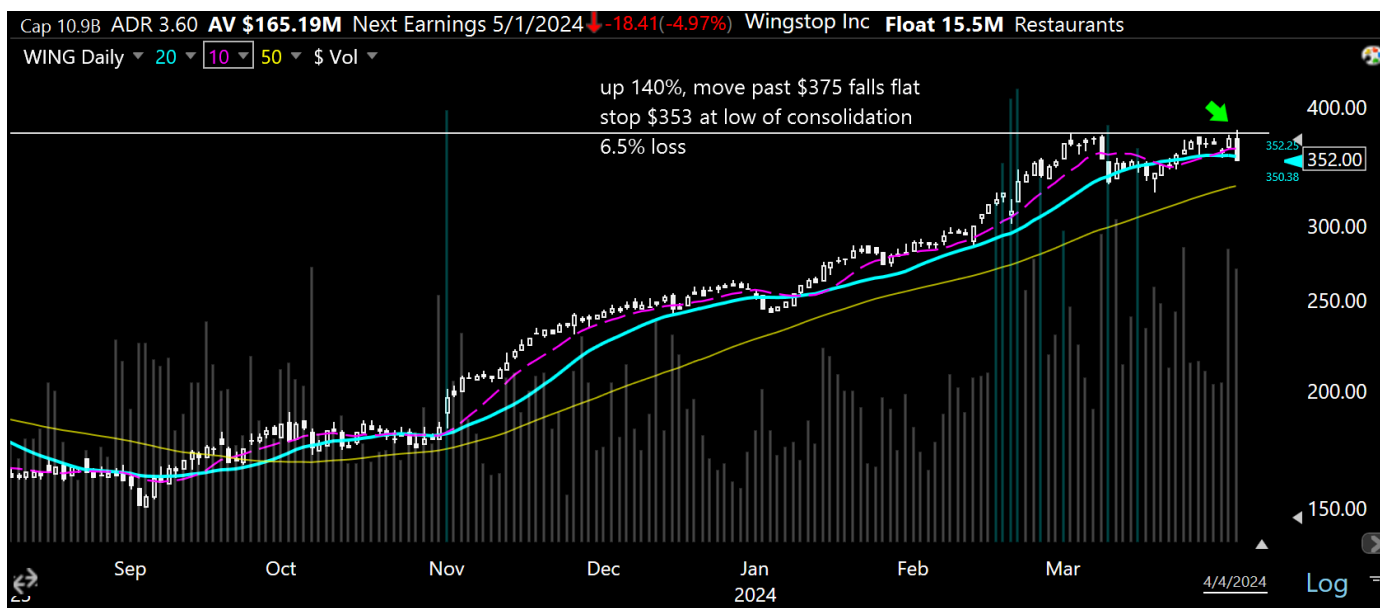
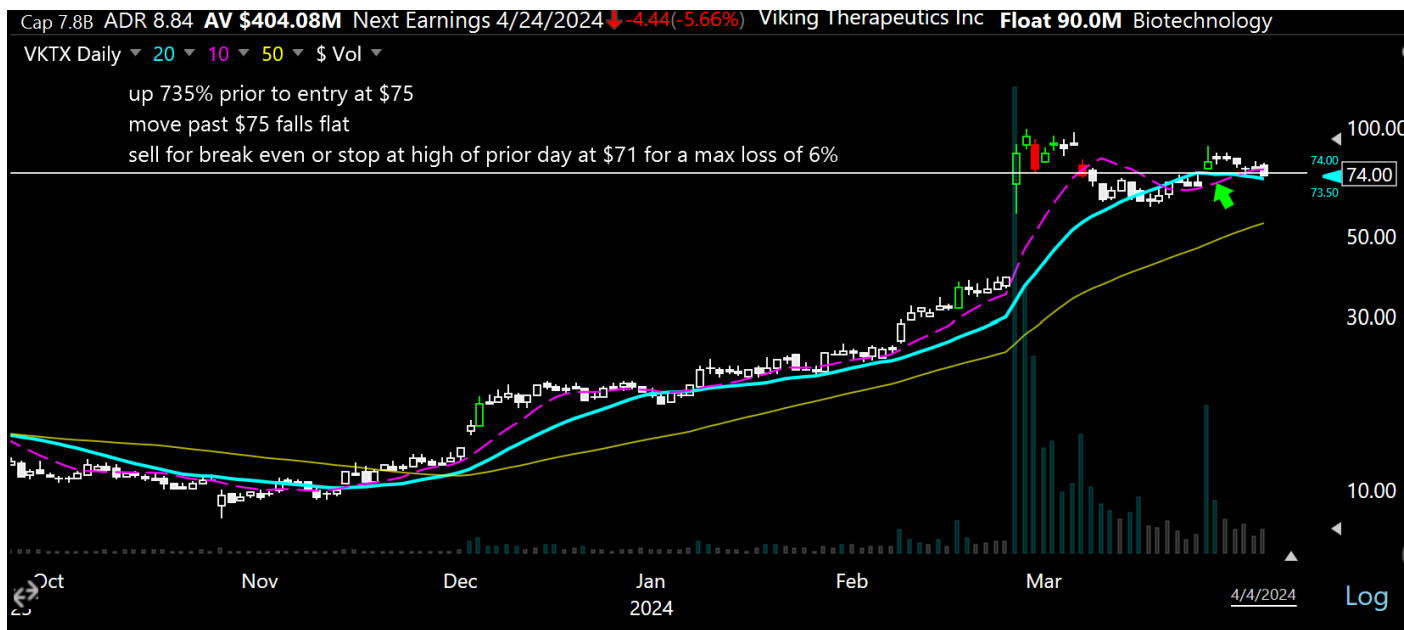


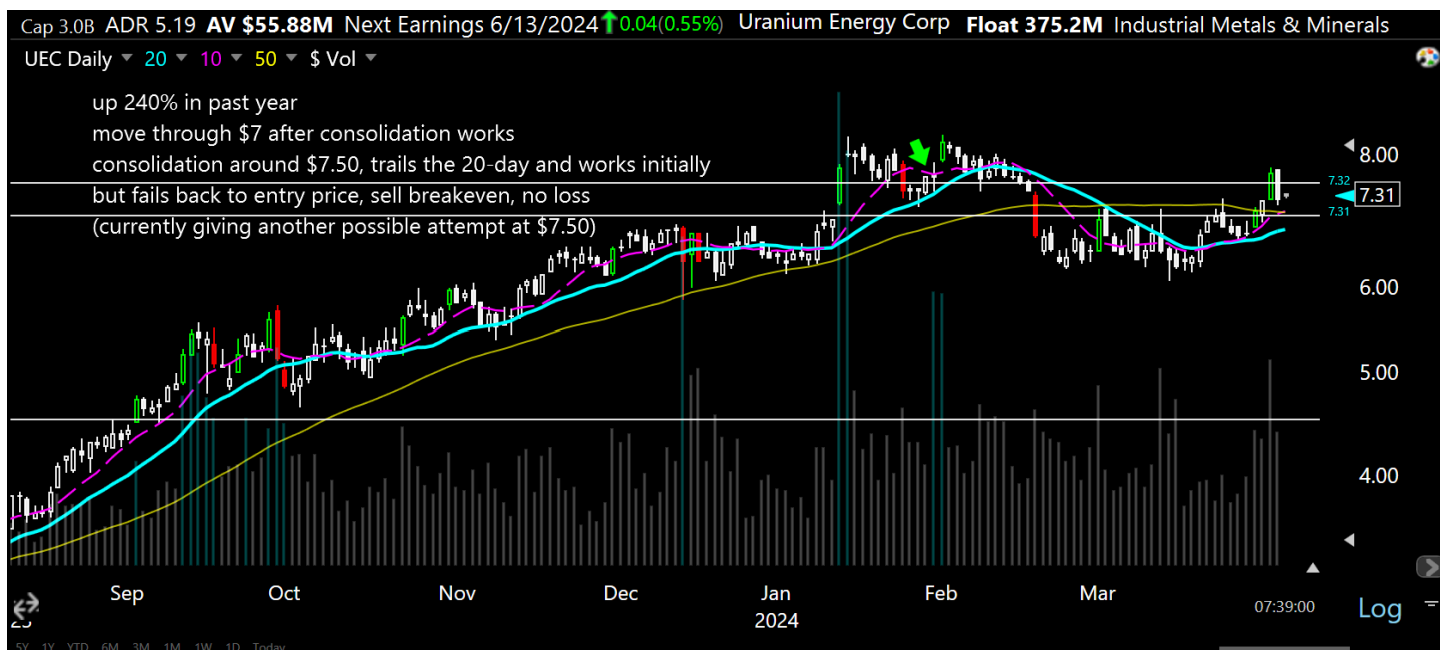
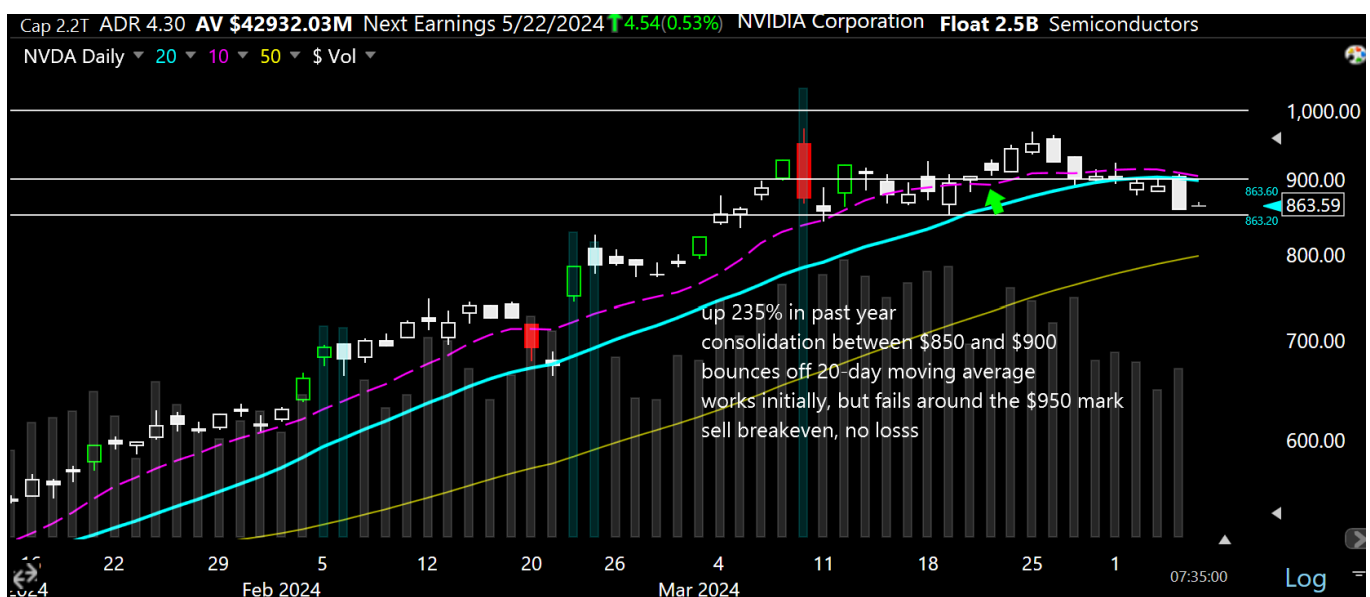
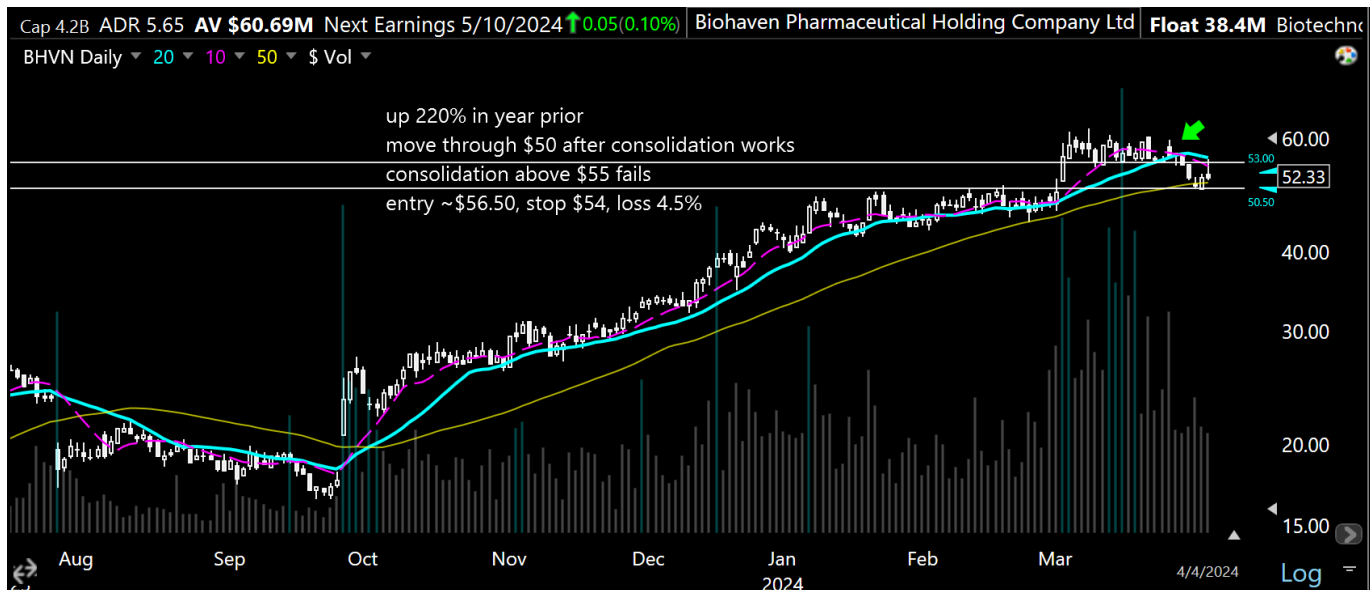


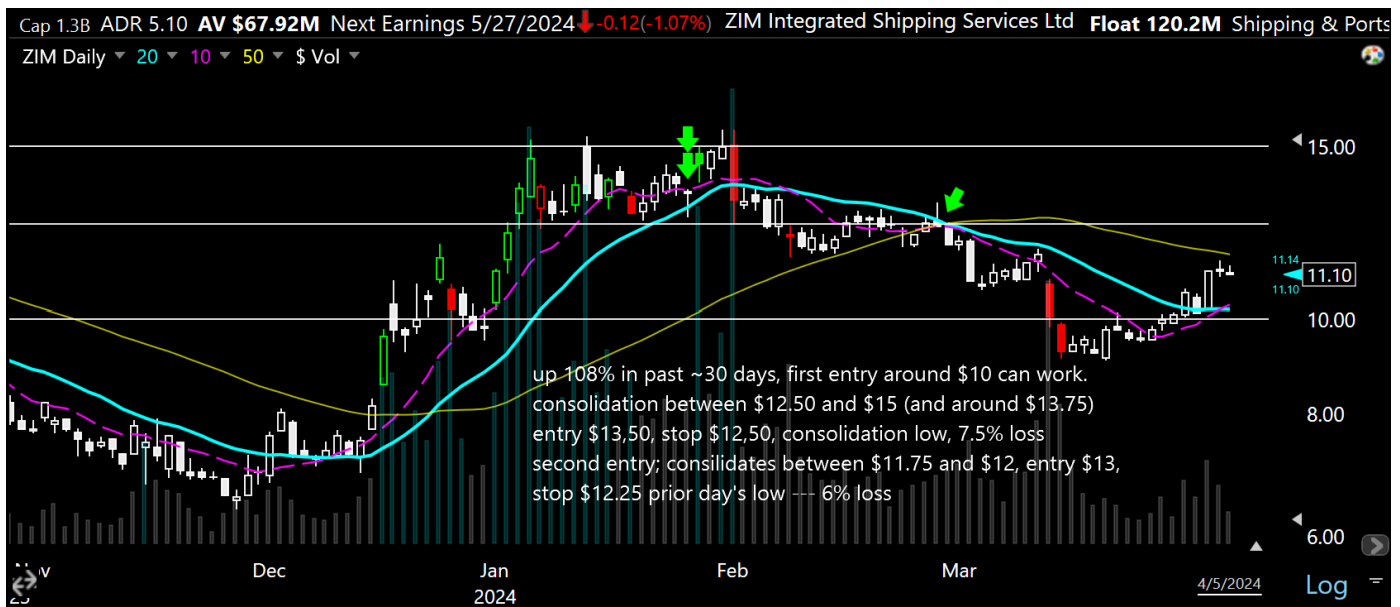
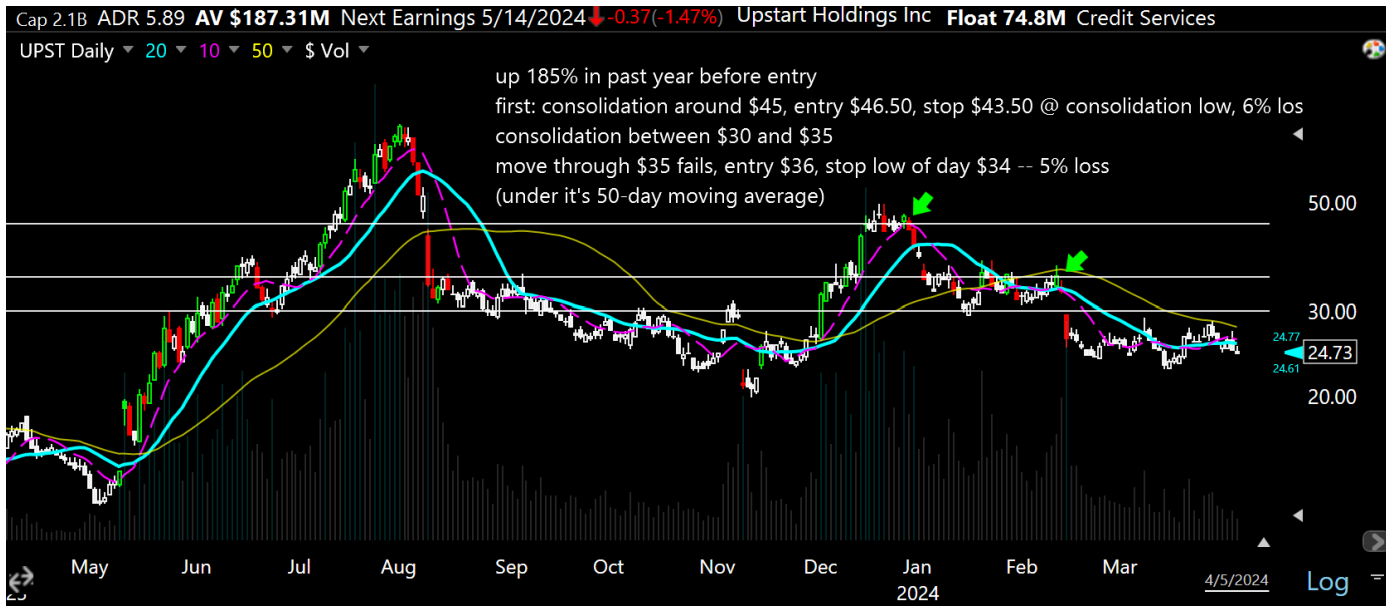
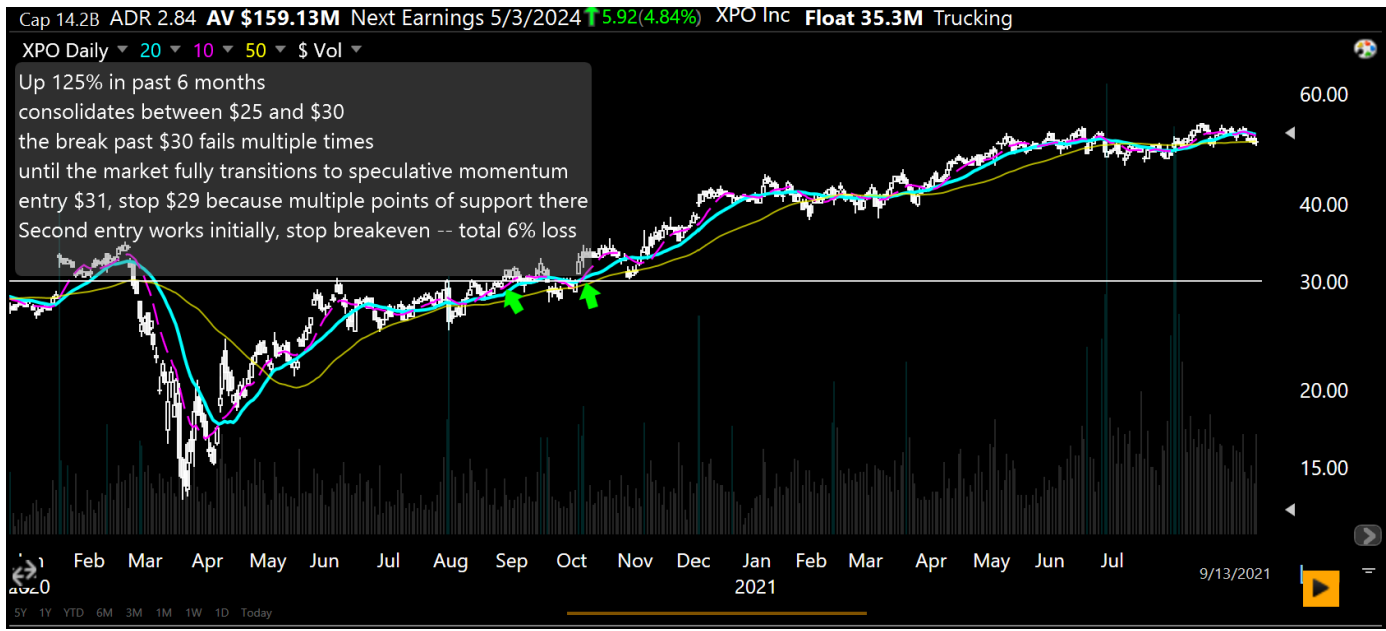
List #2, Losing trades: – showing examples of this strategy **not** working, and hitting the designated stops. The idea is that the losses, even if they are more frequent, are significantly, greatly outsized by the winning trades.

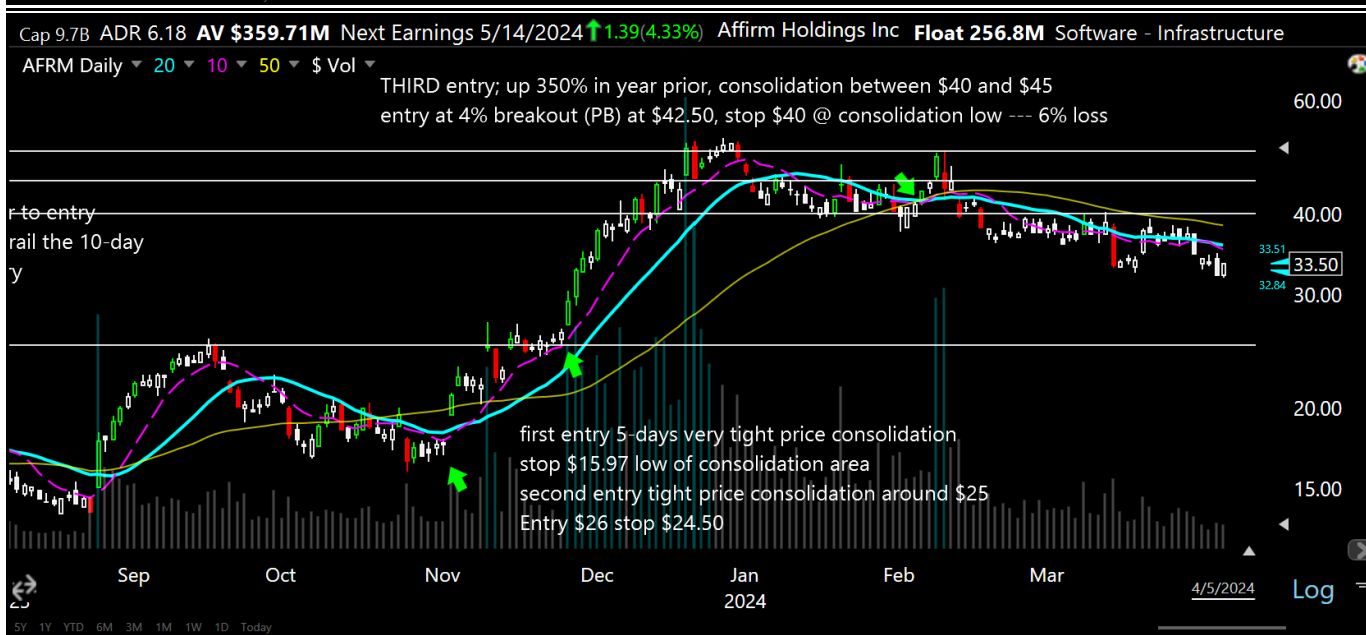
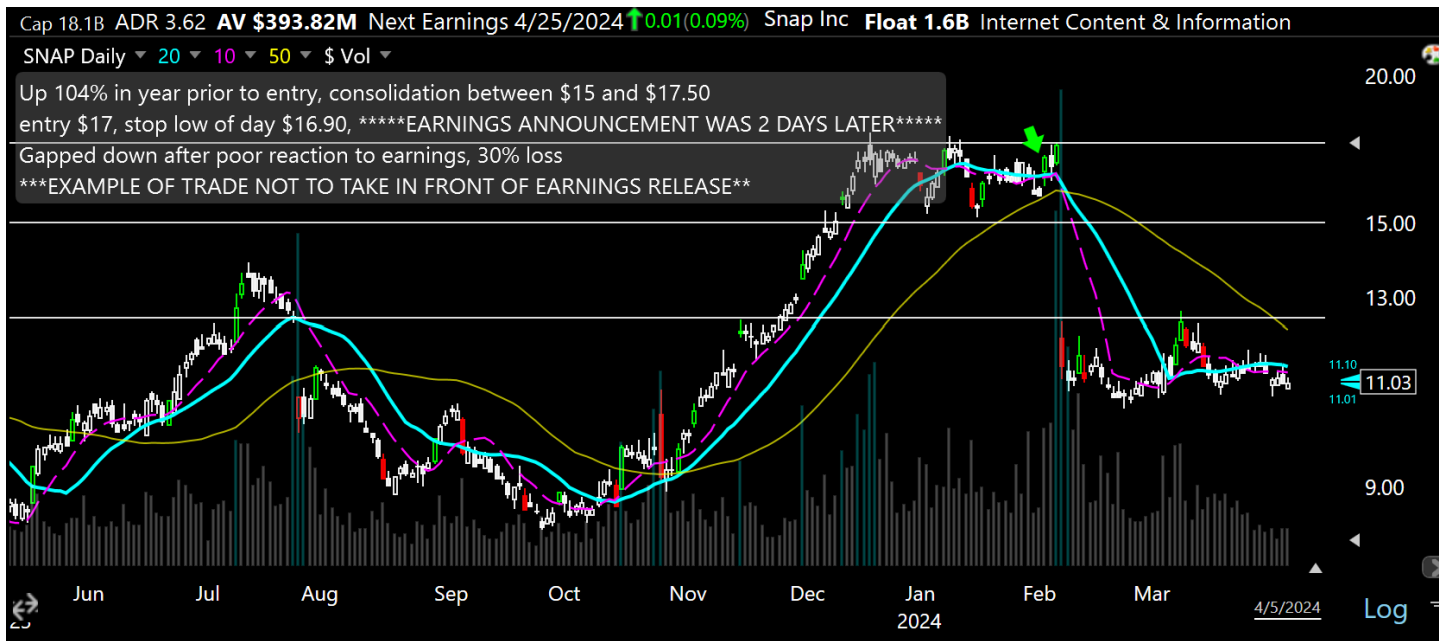
- Losses rarely ever reach 10% for most consolidation ranges where the stop would be placed, (most are 4 -8%) versus the upside which can be 10x+ that amount.
- Winning trades finance attempts at new winning trades, some of which will be losses.
- Losing trades happen most often at the beginning or end of a market trend, where almost all stocks are moving up, and there are a lot of big winning trends.
- Losing trades happen in bunches, all at once, when most stocks in the market are either ending or questioning their current uptrends or trying to develop new uptrends (List #3, cyclical bottoms)
 - This is where the strategy of scaling down risk-per-trade as soon as losses become more frequent than they were recently really helps to limit losses.

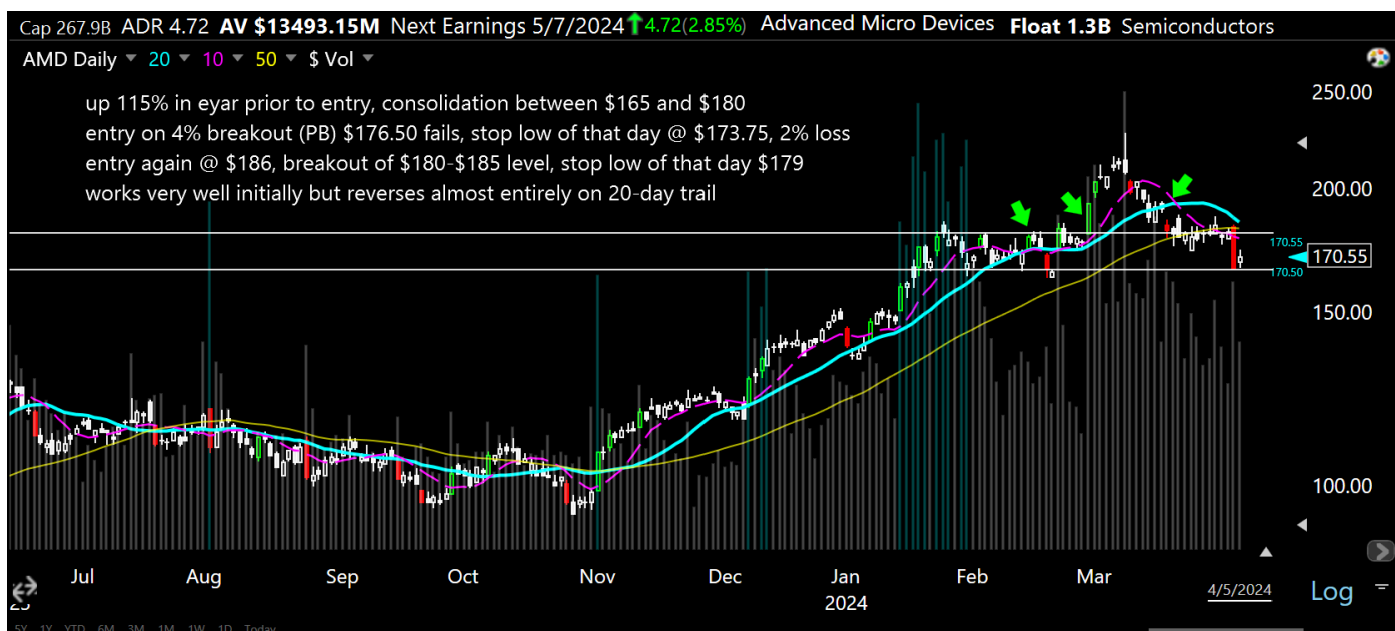
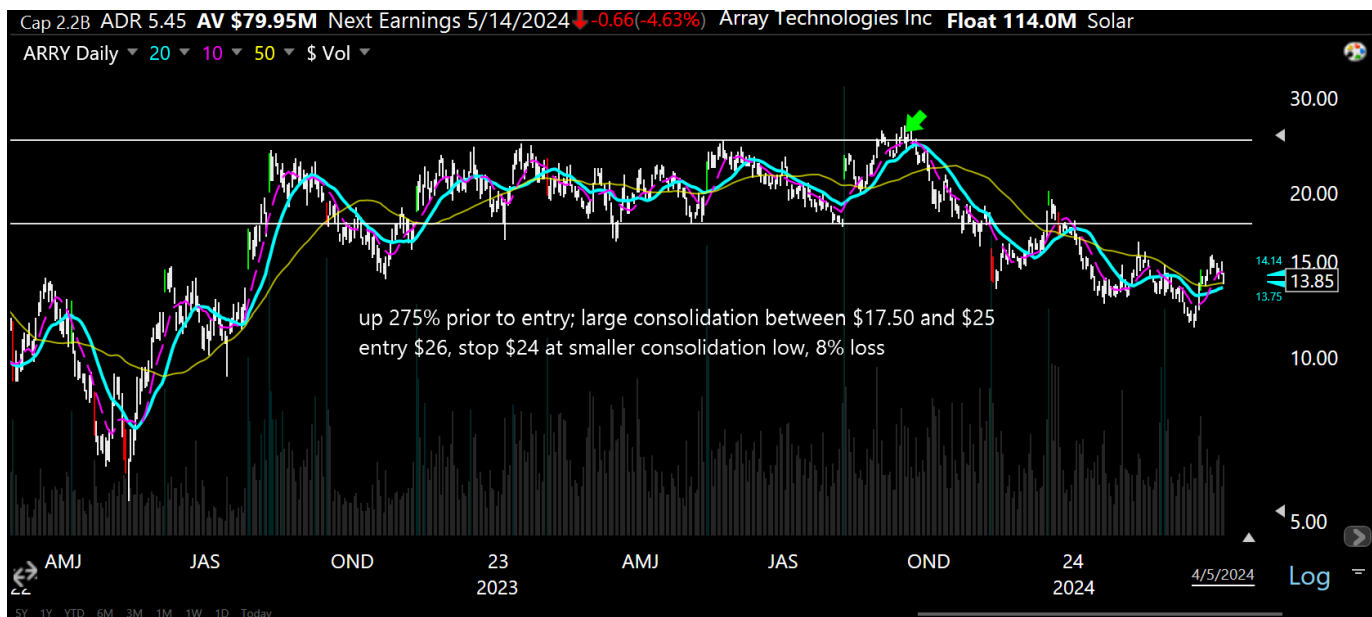


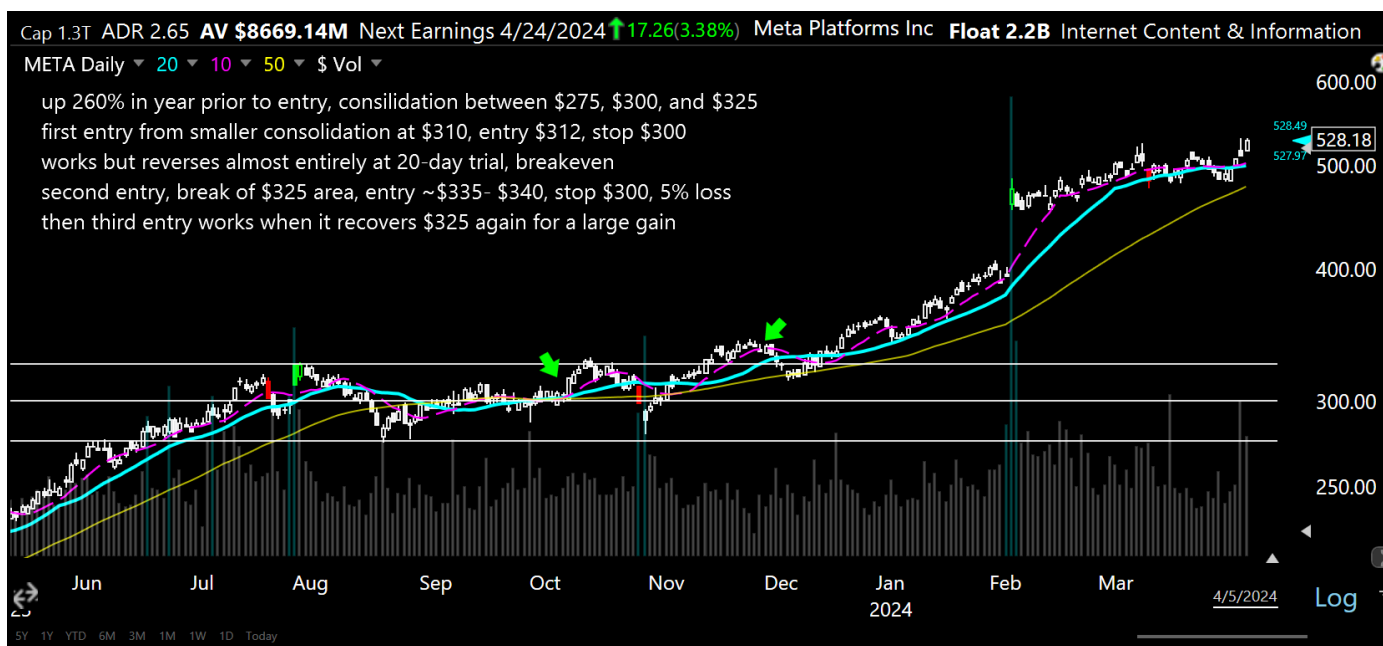
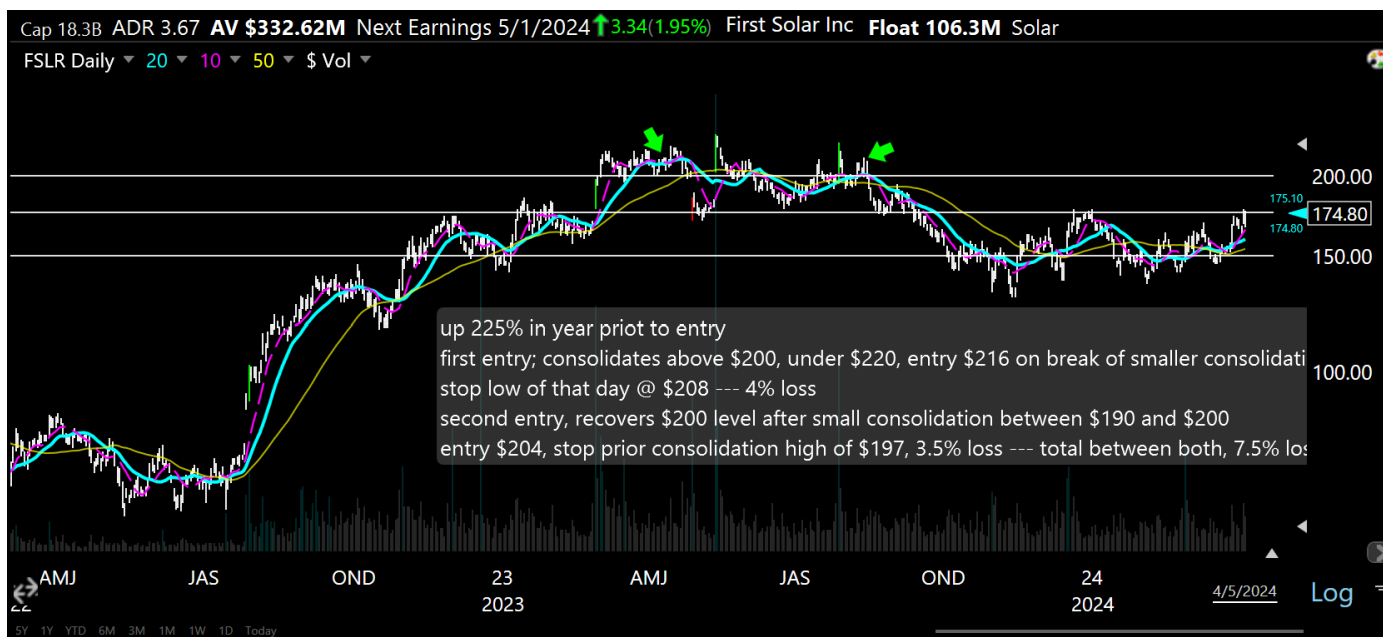










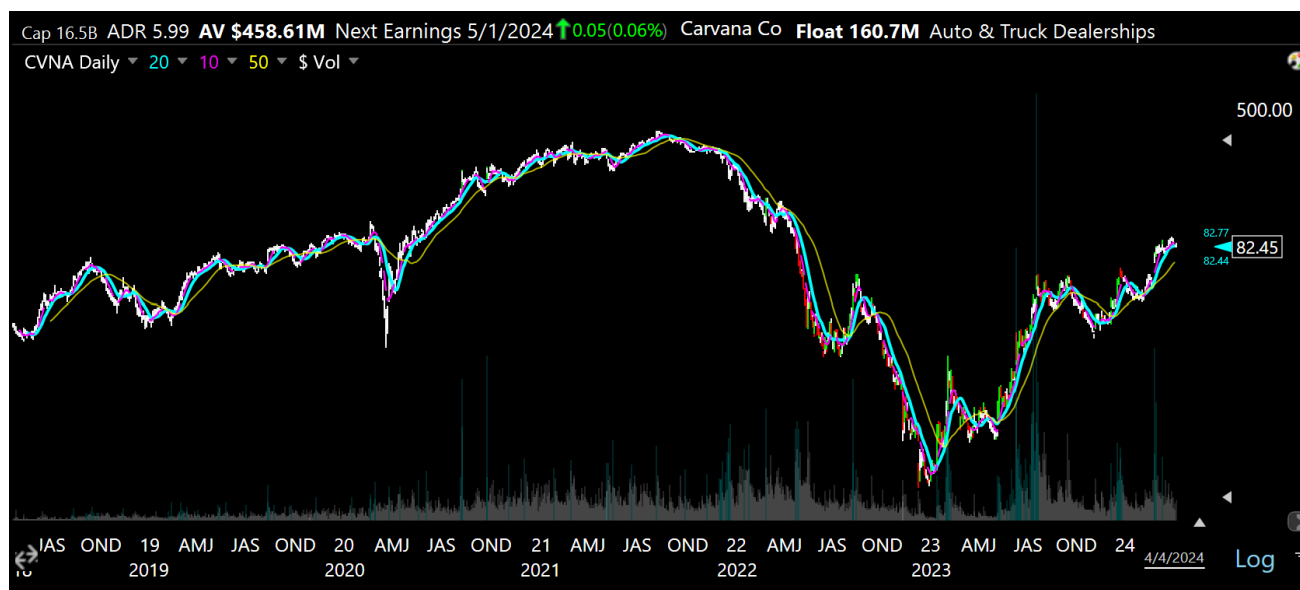


Additionally; a transparent look at human operational error, which can still result in profit. Here is an example of the mentioned tracking ledger, where 7 of the 10 trades below either did not fit criteria entirely, or the operational execution had an error, leading to a 10% win rate. Yet, the one win was large enough off to more than offset the 9 losses:

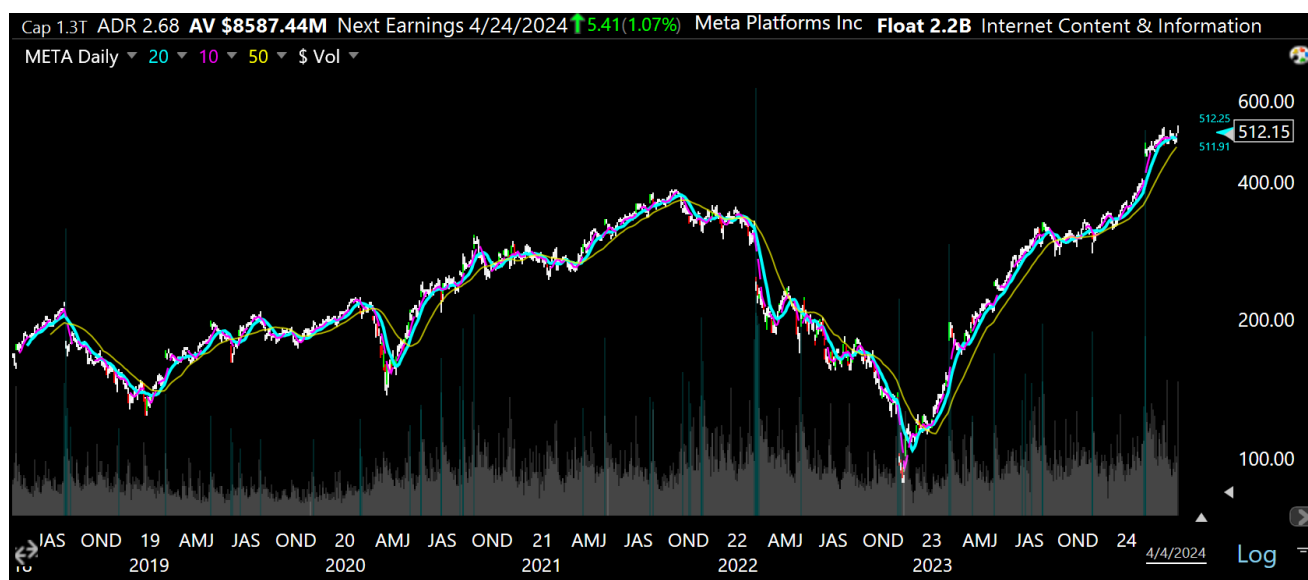
Stock	Loss (\$)	Win (\$)			notes
CVNA		5500	Avg loss:	-335.222	
NVDA	-14		Avg win:	5500	
BHVN	-688		Count loss:	9	didn't scale down from prior losses
CRWD	-1122		Count win:	1	didn't scale down from prior losses
LLY	-25		Total loss:	-3017	didn't hit stop at bottom of consolidation range
PLTR	-234		Total Win:	5500	consolidation range was 20%
DNUT	-257		P/L:	2483	not up 100%
DNUT	-275				not up 100%
ARM	-52				didn't hit stop at bottom of consolidation range
CLSK	-350				

List #3. Cyclical bottoms; – periods of no stocks up enough to fit criteria; shift to cyclical strategy in Scaling plan. Find companies with a history of large price moves over a longer period, that took significant hits during the cyclical downturn. Research them, identify bottoming price action around whole, round numbers, increase space between entry and stop price, and expand trail-stop to the 50-day, or greater, moving average. Allow these stocks room to recover and develop the price momentum found in speculative stocks. The concept of using past price history of massive percentage gains remains the same – replace 100%+ gain in past year, with 1000%+ gain from inception to peak, and 75%+ loss during cyclical downturn.

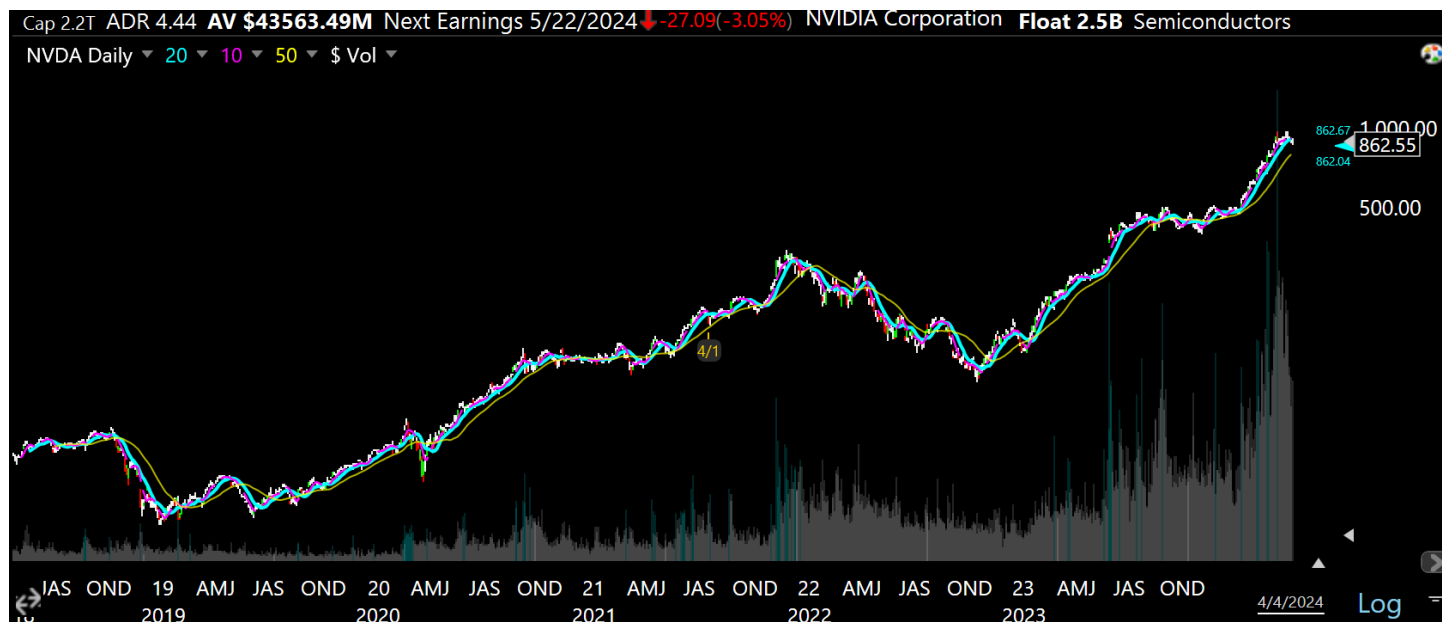
CVNA – 1100% gain since IPO, lost 99% of value in 2022 (\$300+ to \$3) due to debt burden and near-bankruptcy, turn around started in 2023 when earnings came better than expected, analysts started reviewing it, and it increased from there. None of the decline was about the actual product or service, but the debt burden and fixed costs the company had. That is not consumer or demand-related and is during economic downturn, therefore it's fixable since people want the product if they had money to spend. Recovery solidified around \$10.



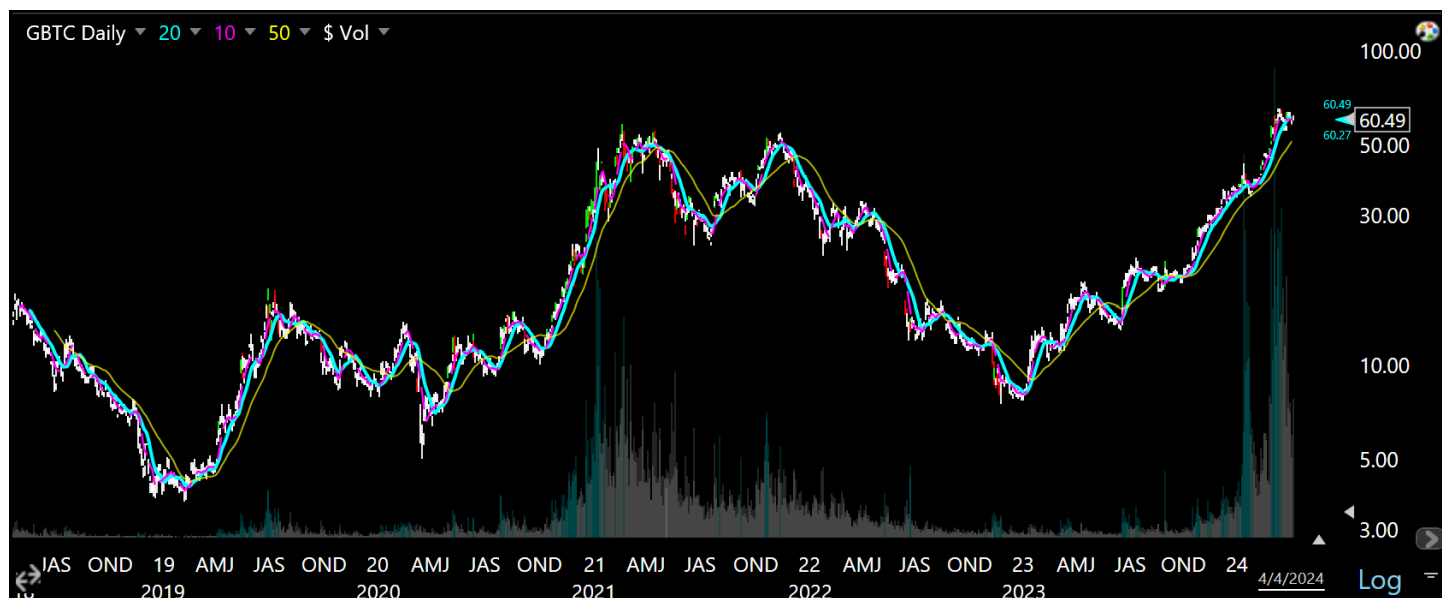
META - ~1900% gain since IPO, down 76% in 2022 downturn due to CEO spending excessively to develop new product during economic downturn. Fixable, finance-related mistake, with prior history of massive success and liquidity. 146% gain from first time it crossed back over its 50-day MA after bottoming, before touching its 50-day moving average again. Recovery solidified after consolidating around the \$100 mark.



NVDA – two decades of gains, up **76,000%**. Lost 66% in 2022 downturn, big liquidity, industry leader in semiconductors, clearly very high probability of continued success, supplemented by their transition to AI which emerged as a major market theme. One stop-out in early 2023 below 50-day, then 173% gain trailing the 50-day, then a 90% gain re-entering and trailing again at the \$500 level once it became speculative (same chart as in List #1) Recovery solidified after consolidating around \$100 mark.

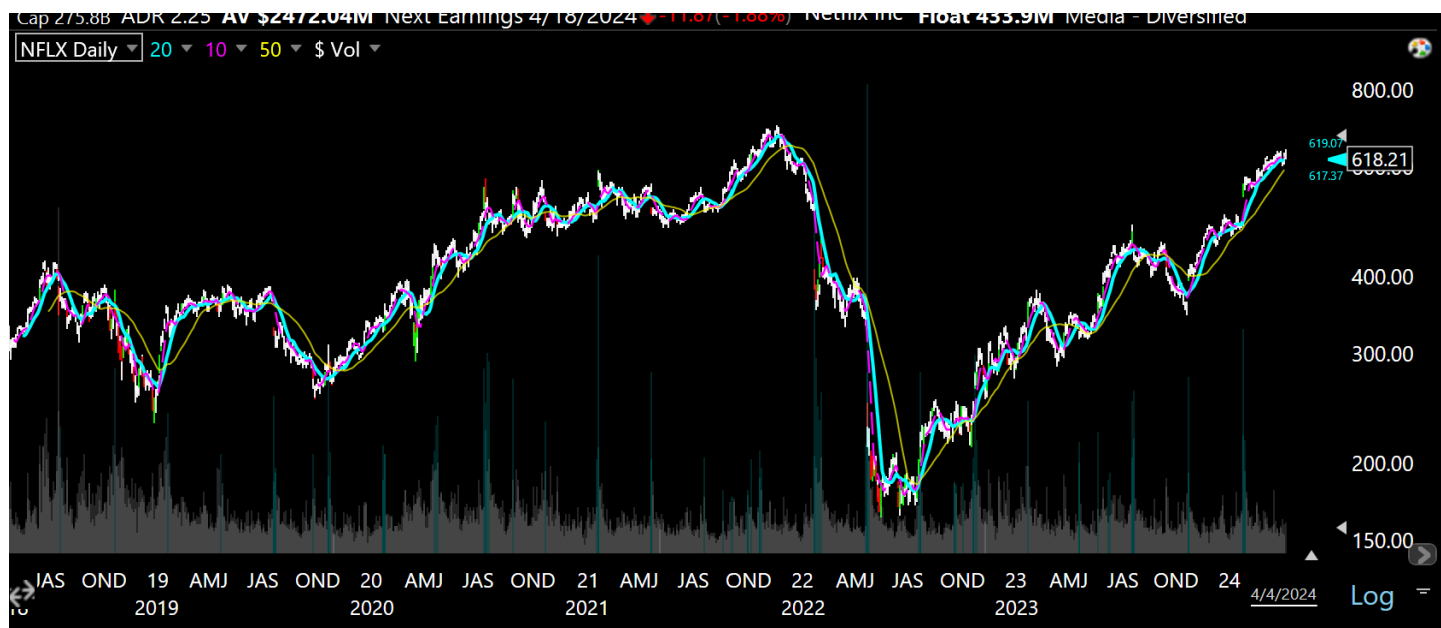


GBTC – (Bitcoin ETF) – **16,000%** gain from inception to 2022 peak, lost 85% in 2022, history of being a major mainstream speculative instrument. 66%, then 20%, then 204% and still going, between touches of the 50-day since the initial 2023 turn from the bottom. If held consecutively from bottom, 662% gain.



**** Compared to AMZN, GOOG, MSFT with 39%, 55%, and 37% drops in 2022, NFLX, NVDA, and META lost significantly more but still had histories of massive successes. Therefore, the risk/reward was much better for a similar probability of success (recovery). The rewards ended up being significantly greater.

NFLX – 45,000% gain since inception, lost 75% in 2022, 250% gain in recovery since bottom. Recovery solidified after recovering the \$200 level.



TSLA – 3000% gain since 2019, lost 75% in 2022, and although it didn't hold up as well as others, still made a 70% gain into 2024. Recovery solidified after consolidating around \$100 mark.

