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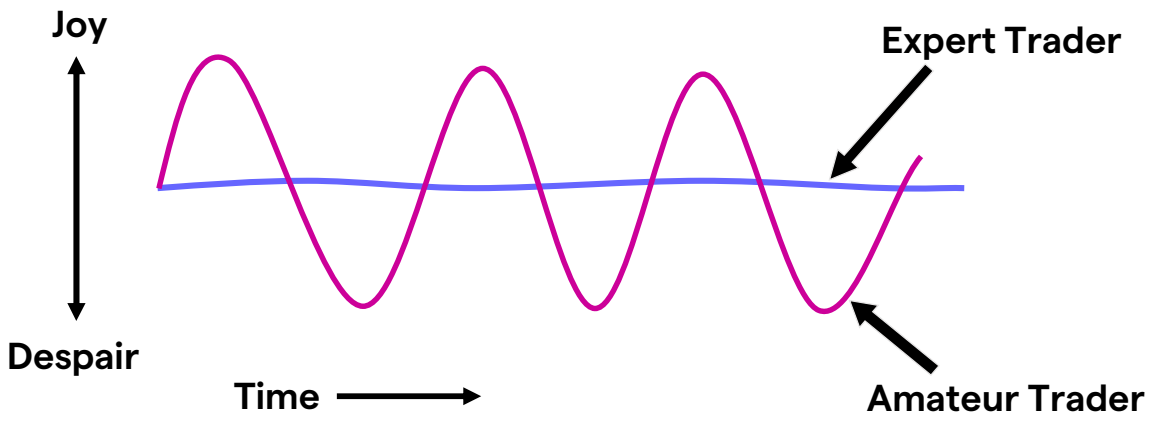
thetradinggame

Share Trading 101

Don't rely on just one engine

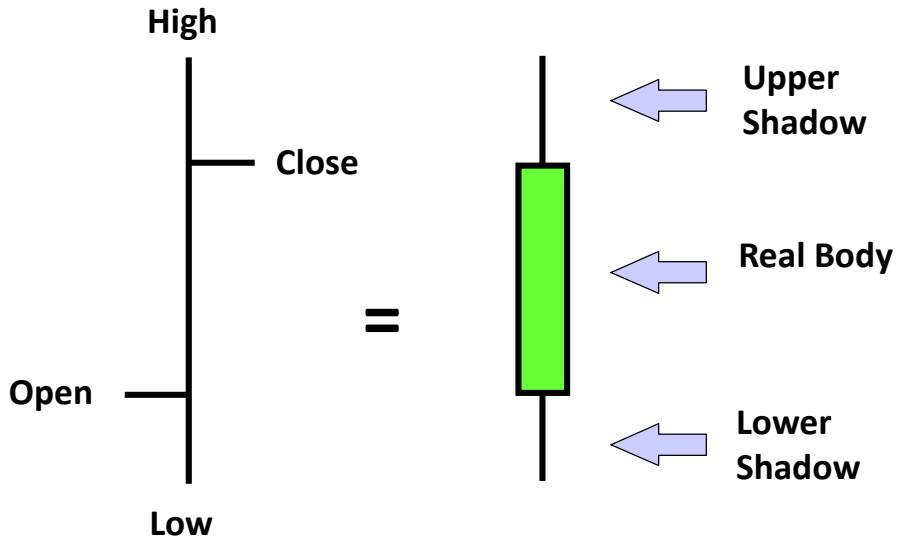
Louise Bedford

Emotional Distance

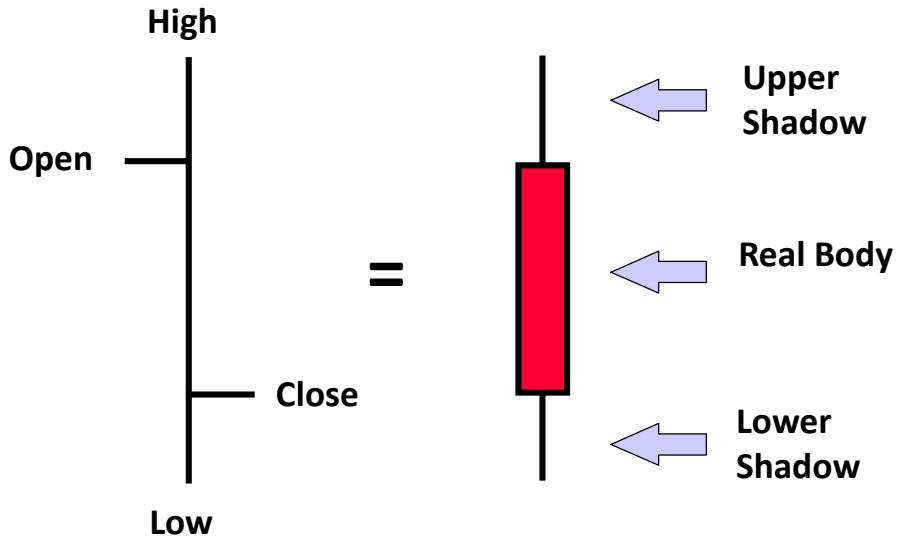


An expert trader displays complete detachment when opening or closing a position.

Green or White Candlesticks



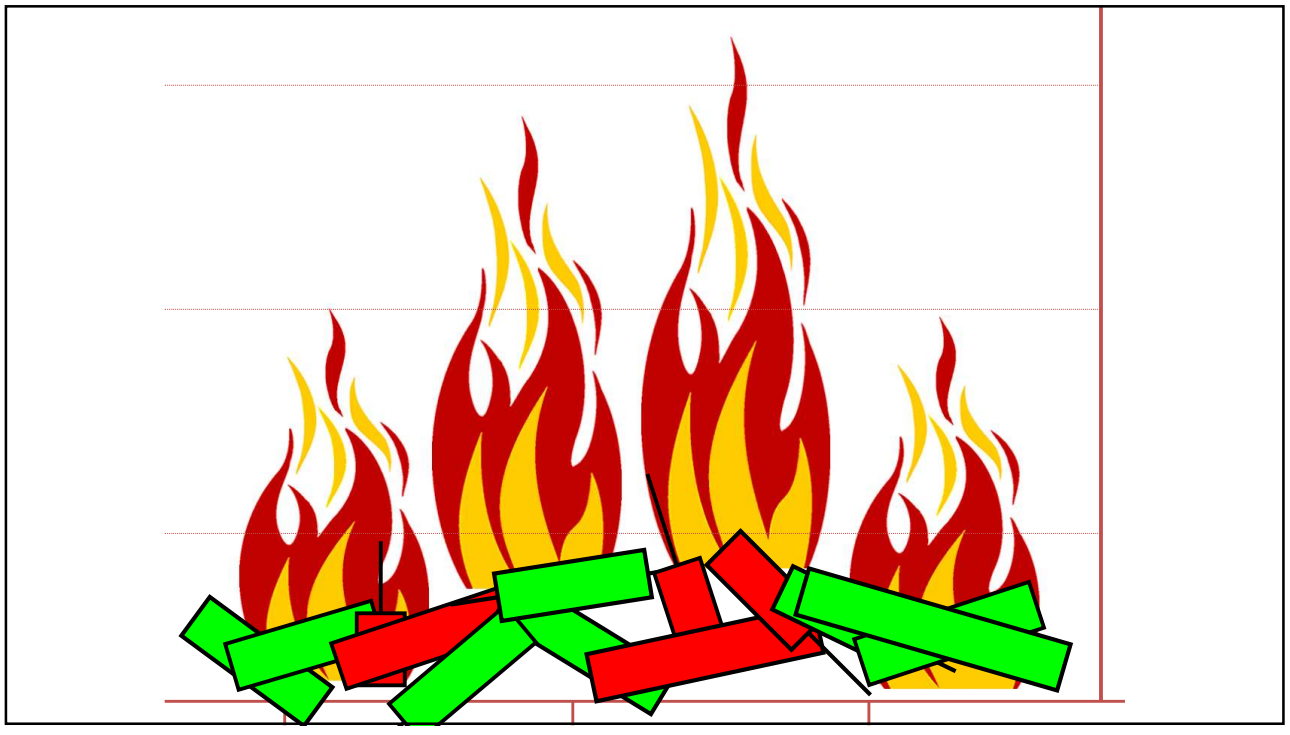
Red or Black Candlesticks













Use a trading plan

Downtrends



- For a **downtrending** share, draw in a trend line above the price points.
- When price moves above the trend line without reversing, the trend may be broken.

Uptrends



- For an **uptrending** share, draw in a trend line below the price points.
- When price moves below trend line without reversing, the trend may be broken.

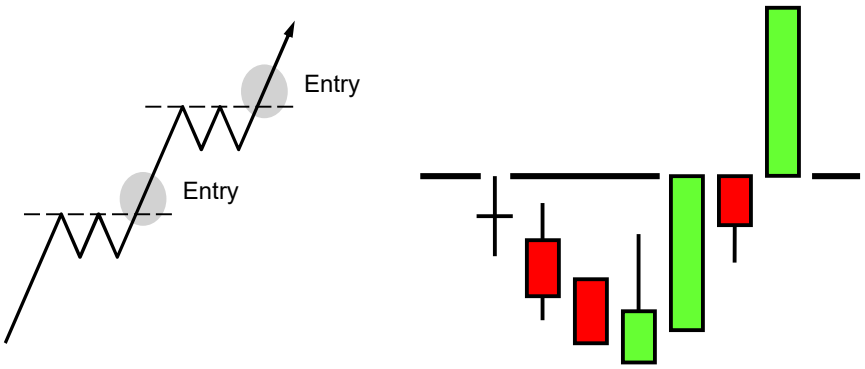
Draw Lines



Share Stages



Breakouts

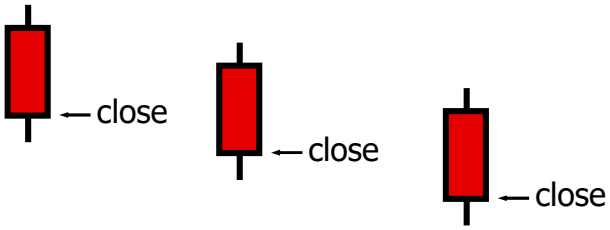


Bullish Breakouts



Moving Averages

- Moving Averages smooth out the price variations over a specified time period



$$\frac{\text{close} + \text{close} + \text{close}}{3} = \text{3 Day MA}$$

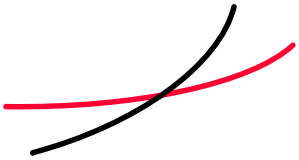
Moving Averages Crossovers

The interpretation of many indicators is assisted by moving averages. They simplify the identification of turning points.



Dead Cross:
Share is likely to go down

Golden Cross:
Share is likely to go up



Apply this to:



- ✓ your super
- ✓ hot stock tips
- ✓ cocktail party recommendations
- ✓ your existing portfolio

Three rules:

1. If it's going up – buy it
2. If it's going down – sell it
3. Keep your position sizes small

Setting a Stop Loss/Position Sizing

Step 1: How much money in total do you have to invest in the market?

Step 2: For your first 2 – 5 trades, place 10% of your trading equity in a single position. e.g. if you have $100,000, ensure that each position is $10,000 or less.
With experience, the maximum position size shouldn't exceed 25%.

Step 3: How much money are you prepared to lose in each position?
Suggestion: < 0.5% of total trading equity on any 1 position.
e.g. $500 total loss on a $100,000 portfolio
(0.5% risk level outperforms 1% risk level)

Step 4: Look at chart to find a logical stop loss point.
e.g. along support line – or at an ATR multiple.

Step 5: a) Current Price - Stop Price = Risk.

i.e: you are prepared to risk 50c (or 3 ATR for example)

b) Total Loss $ / Risk Price = No. of Shares you can purchase

c) Number of Shares x Share Price = Total Investment

Total Investment must be
< 25% of Total Equity

ETFs – The Lazy Genius Approach

An **Exchange Traded Fund** is a basket of investments bundled together that you can buy or sell like a single share.

Examples:

- **ASX 200**
- **NASDAQ**
- **S&P 500**



My Dual Engine Strategy

1. When the markets are going up, choose the best ETF, in the outperforming Index, and invest a set amount.

2. When the sharemarket has dipped by a pre-determined amount, buy the best ETF as a lump sum.

This harnesses the upward bias, but gives you sniping opportunities for outsized gains.



MOST YEARS ARE POSITIVE

Annual Total Returns (Including Dividends) 2008–2025

Equity markets rise more often than they fall. Between 2008 and 2025, major indices delivered positive returns in the majority of years.

2008–2025: 18 YEARS

MARKETS WENT UP: 13–16 YEARS

MOST YEARS POSITIVE: 72%–89%

INDEX	POSITIVE YEARS (2008–2025)	NEGATIVE YEARS (2008–2025)	% POSITIVE YEARS	POSITIVE YEARS OUT OF 18
Nasdaq-100	16	2	89%	16 / 18
S&P 500	15	3	83%	15 / 18
S&P/ASX 200	13	5	~72%	~13 / 18

ANNUAL TOTAL RETURNS (%)

NASDAQ-100

YEAR	RETURN	YEAR	RETURN
2008	-40.6%	2017	+32.7%
2009	+54.9%	2018	-1.0%
2010	+19.2%	2019	+39.0%
2011	+3.4%	2020	+48.6%
2012	+18.1%	2021	+26.6%
2013	+36.6%	2022	-32.7%
2014	+19.2%	2023	+54.9%
2015	+9.5%	2024	+25.6%
2016	+7.1%	2025*	+6.2%

16 positive years, 2 negative years

S&P 500

YEAR	RETURN	YEAR	RETURN
2008	-37.0%	2017	+21.8%
2009	+26.5%	2018	-4.4%
2010	+15.1%	2019	+31.5%
2011	+2.1%	2020	+18.4%
2012	+16.0%	2021	+28.7%
2013	+32.4%	2022	-18.1%
2014	+13.7%	2023	+26.3%
2015	+1.4%	2024	+25.0%
2016	+11.9%	2025*	+9.5%

15 positive years, 3 negative years

S&P/ASX 200

YEAR	RETURN	YEAR	RETURN
2008	-41.3%	2017	+12.5%
2009	+31.0%	2018	-8.5%
2010	+3.1%	2019	+18.7%
2011	-11.1%	2020	-3.7%
2012	+12.1%	2021	+14.5%
2013	+20.7%	2022	-5.5%
2014	+7.5%	2023	+8.6%
2015	-0.5%	2024	+7.5%
2016	+11.9%	2025*	+4.0%

~13 positive years, ~5 negative years

WHAT THIS SUGGESTS

- Major equity indices spend most of their time rising.
- Severe drawdowns tend to be concentrated into a small number of crisis years.
- Missing a handful of strong recovery years can materially impair long-run returns.
- The more growth-oriented the index, the higher both the upside participation and volatility.
- Staying invested through both good and bad years is key to long-term wealth creation.

THE INDICES AT A GLANCE

Different mix, different outcomes: U.S. indices have delivered higher growth over the last 15–20 years.

NASDAQ-100
- Highest growth potential
- Highest volatility
- Heavily weighted to technology & innovation leaders
- Strong global growth exposure

S&P 500
- Broad U.S. market exposure
- Diversified across sectors
- Strong long-term growth track record
- Includes large, mid and mega-cap leaders

S&P/ASX 200
- Lower long-term growth
- Higher yield profile
- Large exposure to banks & resources
- More cyclical and commodity sensitive
- Relies more on dividends for total return

*2025 return to 16 May 2025 | Source: Nasdaq.com, S&P Global, ASX (All total return indices in local currency)

STW BUY THE DIP STRATEGY

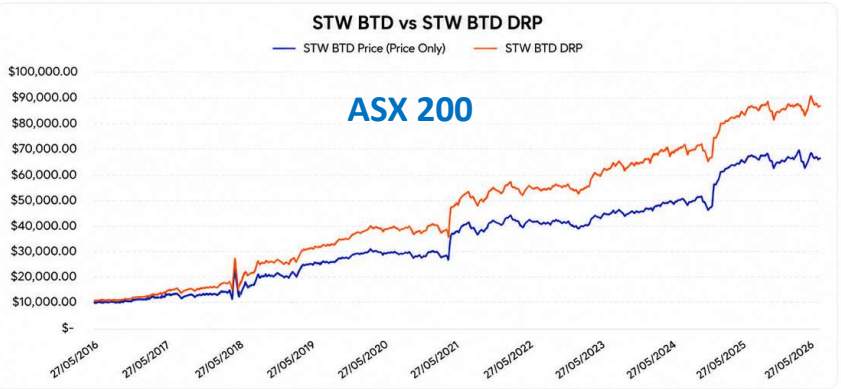
STW BTD Price vs STW BTD DRP Price Over 10 Years

Comparison of STW Buy the dip strategy (buy when price dips 10% from its last equity high) using price only vs. **dividend reinvestment** (DRP).

BUY THE DIP STRATEGY
Invests additional capital when the price dips 10% from its last equity high.

10 YEAR PERFORMANCE SUMMARY

	STW BTD Price Only	STW BTD DRP
Number of Dip Purchases	4	4
Total Purchases incl. Initial	5	5
Total Capital Contributed	$50,000.00	$50,000.00
Final Portfolio Equity	$69,596.93	$83,195.93
Overall Return on Equity	39%	76%



Time Period
10 Years
27 May 2016 – 27 May 2026

Consistent Growth
Both strategies showed strong long-term growth with a disciplined buy the dip approach.

DRP Advantage
Reinvesting dividends (DRP) resulted in higher overall returns over the 10 year period.

Stronger Outcomes
DRP strategy achieved higher final equity, overall return and outperformed the price only strategy over the 10 year period.

Past performance is not indicative of future results. This analysis is for illustrative purposes only.

Source: Provided Data | Data as at 27 May 2026

IVV BUY THE DIP STRATEGY

IVV BTD Price vs IVV BTD DRP Price Over 10 Years

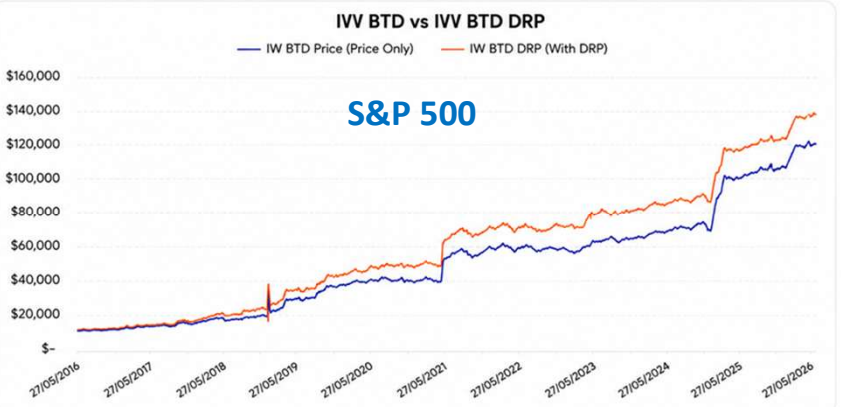
Comparison of **IVV** Buy the dip strategy (buy when price dips 10% from its last equity high) using price only vs. **dividend reinvestment** (DRP).

BUY THE DIP STRATEGY
Invests additional capital when the price dips 10% from its last equity high.

10 YEAR PERFORMANCE SUMMARY

	IVV BTD Price Only	IVV BTD DRP (With DRP)
Number of Dip Purchases	4	4
Total Purchases incl. Initial	5	5
Total Capital Contributed	$50,000.00	$50,000.00
Final Portfolio Equity	$121,342.31	$135,197.75
Overall Return on Equity	143%	170%

DRP Outperforms Price Only
+27%
Higher Total Return on Equity over 10 years



Time Period
10 Years
27 May 2016 – 27 May 2026

Consistent Growth
Both strategies showed strong long-term growth with a disciplined buy the dip approach.

Dividend Reinvestment Advantage
Reinvesting dividends (DRP) resulted in higher final capital over the 10 year period.

Higher Returns with DRP
DRP strategy delivered higher overall return on equity over the 10 year period.

Past performance is not indicative of future results. This analysis is for illustrative purposes only.

Source: Provided Data | Data as at 27 May 2026

NDQ BUY THE DIP STRATEGY

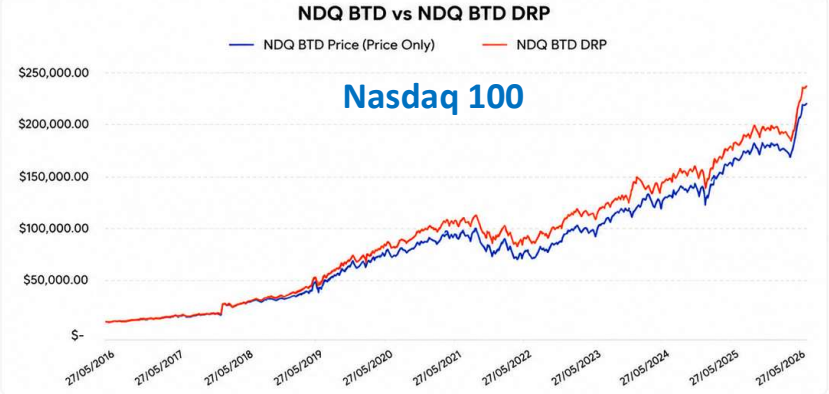
NDQ BTD Price vs NDQ BTD DRP Price Over 10 Years

Comparison of NDQ Buy the dip strategy (buy when price dips 10% from its last equity high) using price only vs. dividend reinvestment (DRP).

BUY THE DIP STRATEGY
Invests additional capital when the price dips 10% from its last equity high.

10 YEAR PERFORMANCE SUMMARY

	NDQ BTD Price Only	NDQ BTD DRP
Number of Dip Purchases	5	5
Total Purchases incl. Initial	6	6
Total Capital Contributed	$60,000.00	$60,000.00
Final Portfolio Equity	$190,515.00	$202,077.00
Overall Return on Equity	217.5%	236.8%



Time Period
10 Years
27 May 2016 – 27 May 2026

Consistent Growth
Both strategies showed strong long-term growth with a disciplined buy the dip approach.

DRP Advantage
Reinvesting dividends (DRP) resulted in higher final portfolio equity and overall returns over the 10 year period.

Stronger Outcomes
DRP strategy achieved higher overall return on equity and final equity over the 10 year period.

Past performance is not indicative of future results. This analysis is for illustrative purposes only.

Source: Provided Data | Data as at 27 May 2026

ETF STRATEGIES

WHAT ARE ETFs?

ETFs (Exchange Traded Funds) track the performance of an index or group of assets and trade on the stock exchange like shares. They offer instant diversification, low costs, and transparency.

INSTANT DIVERSIFICATION
One investment gives you exposure to many assets.

LOW COSTS
ETFs typically have lower management fees than active funds.

TRANSPARENCY
Holdings are disclosed daily so you always know what's inside.

CREATION & REDEMPTION
ETF providers can create or cancel units to match demand – but this doesn't dilute the fund.

FULLY BACKED
Each unit is fully backed by assets, and dividend payments are based on what the fund earns per unit.

ETF prices usually stay close to their underlying index thanks to arbitrage and market makers who keep prices in line.

TRADING STRATEGIES

BULLISH ETF STRATEGY



- Buy only when price is above the 30-week EMA
- Invest regularly (e.g., monthly)

Why: Keeps you in sync with long-term uptrends.
Good for: Consistent, low-maintenance growth.

BUY THE DIP – AGGRESSIVE



- **Trigger:** 10%+ peak-to-trough drop
- **Wait for:** A clear bottom candlestick reversal
- **Action:** Buy one parcel

Good for: Traders who are confident in short-term rebounds.

BUY THE DIP – CONSERVATIVE



- **Trigger:** 20%+ drop
- **Wait for:** A bottom reversal pattern
- **Action:** Buy one parcel

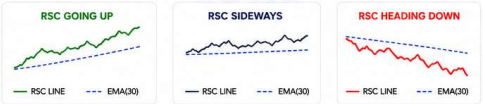
Good for: Cautious traders wanting more confirmation.

HOW TO SPOT THE HOTTEST INDEX USING RSC

To identify which index is the current front-runner you can use the **Relative Strength Comparison (RSC)**.

- If the RSC line is going up, the chart instrument is **outperforming** the comparison instrument.
- If the RSC line is going sideways, both instruments are **tracking together**.
- If the RSC line is heading down, the chart instrument is **underperforming** the comparison instrument.

RSC LINE EXAMPLES



By comparing key indices – like NDX vs XAO, SPX vs XAO, and NDX vs SPX – you can determine which one is strongest. Then, use your **Bullish ETF** strategy to ride that strength.

By comparing key indices – like NDX vs XAO, SPX vs XAO, and NDX vs SPX – you can determine which one is strongest. › Then, use your **Bullish** ETF strategy to ride that strength. › **The edge isn't just in being in the market – it's about being in the right part of the market.**

Curious?

Let's talk.

Take out your phone now.

Do this quick, fun survey and book a private chat with me.

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