



Trading Dips and Downtrends

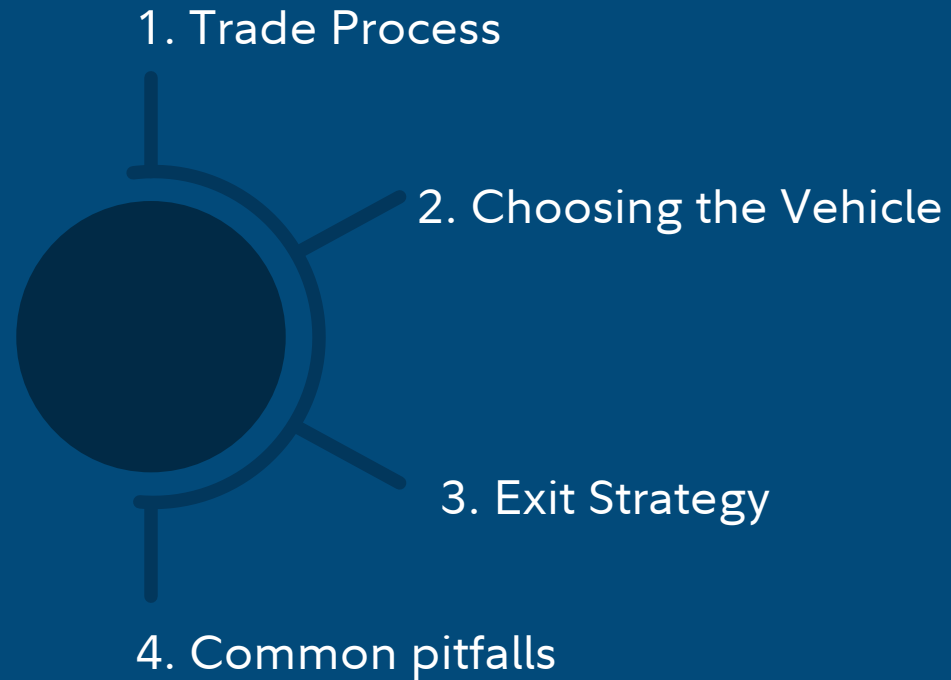
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Agenda



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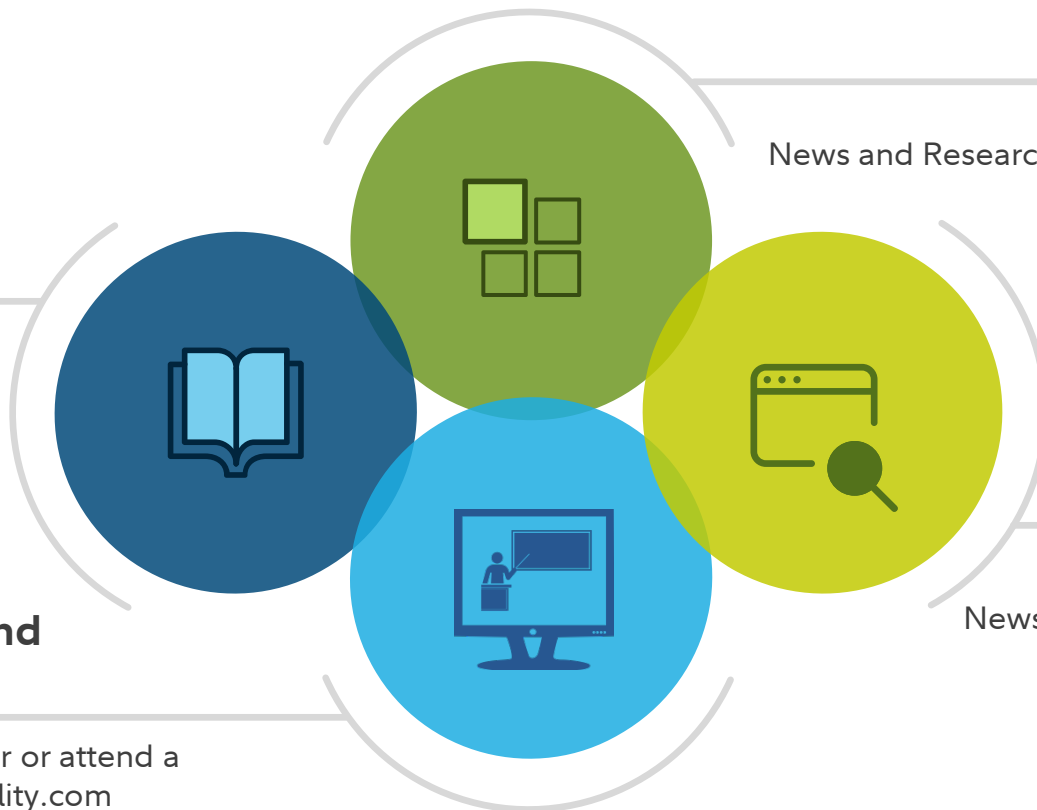
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Trade Process

- Start by creating outlook on price:
 - Technicals? Fundamentals? Both?
 - Don't use a "gut" feeling
- Be specific with entry and exit points
 - Limits emotional impact
- Discipline and Patience are important
- Make it repeatable



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Choosing the Vehicle: Trading the Dip

- Consider your Outlook:
 - Bullish
 - Expecting a temporary pullback
- Consider your risk tolerance:
 - Risk is to the downside
- Potential Bullish Strategies:
 - Long Stock
 - Long Call
 - Short Put
 - Bull Spreads



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Choosing the Vehicle: Trading the Downtrend

- Consider your Outlook:
 - Bearish
 - Expecting a temporary rally
- Consider your risk tolerance:
 - Risk is to the upside, potentially unlimited
- Potential Bearish Strategies:
 - Short Stock
 - Short Call
 - Long Put
 - Bear Spreads



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Exit Strategy

- Primary job as a trader is to **manage risk**
- Establish specific exit criteria **prior** to entering the trade:
 - Set targets on the risk and profit sides of the trade
 - \$, %, or technical signal
- The reason you put the trade on can help define your exit criteria
- Stick to the plan!



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Demonstration



Active Trader Pro® is used for this portion of the webinar

Visit: www.fidelity.com/ATP to download Active Trader Pro®

The screenshot shows the Fidelity website's 'Advanced Trading Tools' page. The header is green with the Fidelity logo and navigation links: CUSTOMER SERVICE, PROFILE, OPEN AN ACCOUNT, REFER A FRIEND, and LOGIN. A search bar is on the right. Below the header, a green navigation bar contains links for Accounts & Trade, Planning & Advice, News & Research, Investment Products, and Why Fidelity. The main content area has a left sidebar with a 'Trading Overview' section containing links like 'WHAT WE OFFER', 'The Fidelity Account', 'INVESTMENTS AND SERVICES', 'Investment Choices', 'Commissions, Margin Rates, and Fees', 'Online Trading', 'Mobile Trading', 'Commitment to Execution Quality', 'ADVANCED TRADING', 'Trader Solutions', and 'Compare Service Levels'. The main content area features the heading 'Powerful technology for active investors' and a subheading 'Make smarter trading decisions before, during, and after the trade with Active Trader Pro®. Get real-time insights, visual snapshots to monitor your investments, and powerful trading tools.' Below this is a blue button that says 'Get Active Trader Pro®'. At the bottom, it says 'Call a specialist to advance your trading strategy at 800-564-0211.' On the right side of the main content area is a large image of a computer monitor displaying a complex trading interface with multiple charts, including a line chart for SPY, and various data tables.

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Common Pitfalls and Key Takeaways

- Limit the emotional impact as much as possible
- Have a plan!
 - Specific entry and exit points make it easier to stay disciplined and patient
 - Trading by “gut feeling” makes it difficult to reduce emotional decisions
 - Stay disciplined, stick to the plan
- The product you choose will effect how you manage your trade
- A trader’s primary job is to manage their risk!

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Questions...

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Examples in this presentation do not include transaction costs (commissions, margin interest, fees) or tax implications, but they should be considered prior to entering into any transactions.

Technical analysis focuses on market action — specifically, volume and price. Technical analysis is only one approach to analyzing stocks. When considering which stocks to buy or sell, you should use the approach that you're most comfortable with. As with all your investments, you must make your own determination as to whether an investment in any particular security or securities is right for you based on your investment objectives, risk tolerance, and financial situation. Past performance is no guarantee of future results.

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