

## TRANSCRIPT

### Tips from the professionals: Active Trader Pro® edition

**Peter Stringfellow:** To all of you in attendance today, thank you for coming and watching our presentation of Tips from the Professionals, Active Trader Pro Edition. I work here for Fidelity as a regional brokerage consultant, and what that really means is that I work with self-managed clients. So, clients who want to run their own portfolios. And, oftentimes, the clients with whom I'm meeting have a very good understanding as it relates to book smarts with investing or trading, but don't quite have the acumen, from a practical perspective, of how to really put the rubber to the road. And that's a lot of what I do with our clients is help clients put the rubber to the road as it relates to process, and if I were a trader or an investor, how would I use the software? And to be quite honest, this is how I use the software. So, we're going to talk about Active Trader Pro mainly, but know that Active Trader Pro isn't necessarily a replacement for the website, fidelity.com, because you have a lot of great content that might be pertinent to your approach or your strategy for research, and ultimately for making decisions. So, today, what we'll do is go through layout customization, quick-launch trade tickets, as well as trade ticket customization, integrated stock research within Active Trader Pro, and I do want to talk through some of the filtering and screening capabilities for

identifying opportunities, but at the end of the day, you need to know that there's not necessarily a right or a wrong way to use the software. It's really all about the process and the process that you create so you can really articulate why you're doing what you're doing when it comes to trading or just broad investing.

So, with that, I would be remiss if I did not mention the Learning Center, because I do think that as you attend these presentations, whether they be our webinars or occasionally we do live presentations in our branches, think of it as though you're sitting down listening to a professor at a college course, right? If you sit and spend an hour with a professor, you've got to consider how many hours after that lecture, if you will, or webinar, you might give to doing homework. And the Learning Center is all about homework. Johnathan brought up the coaching sessions, I think they're a phenomenal resource. The on-demand webinars are great, even re-watching these recorded webinars is a good help. So, do know that you have that resource available to you, and you do have resources available to you in your individual branches, or I should say the branches that are in your area, as it relates to your local market. So, that's also a method you can use to really engage us here at Fidelity to learn more about the tools and the research that we do provide to you. With that, I am starting the screen share here.

So, I'm going to launch a chart here, and keep in mind, when you initially download Active Trader Pro, you do get a section for our Active Trader Pro setup, and if you look at the Active Trader Pro Setup Guide, it's kind of like a wizard that helps you while you're creating your layout. It gives you a breakdown of a variety of prebuilt layouts. Think of them kind of like templates, and then you have the option of building a custom layout. But you can build a custom layout, but you can build a custom layout at any point. And with the custom layout section of the Active Trader Pro Setup Guide, it basically gives you a breakdown of all the tools and the research that you can incorporate into any particular layout.

So, at the top of Active Trader Pro, you have nine different tabs, right? You also have four small tabs, like quick hyperlink tabs, but you have your accounts, your trade and orders, your quotes and watchlist, options, news and research, alerts, charts, and then layouts. So, when I click on layouts here, you'll notice that you have Charting Like a Pro, that's my current default layout, and then you have a variety of other layouts within this test account that I'm using that give you other pieces of information. But, don't feel like you have to use the template layouts. You can create new layouts to really drive what you're trying to accomplish as it relates to your process, and ultimately the process should be tied to your strategy. So, let's just say I want a basic layout

here for the sake of our demonstration that helps me with trading. Maybe it's trading based on momentum or based on trend. Well, there are a variety of things that I might want to incorporate into this layout. I would definitely want to bring a chart into the layout, and you may have noticed there within the charts, as I clicked on the dropdown for charts, there are a variety of charts within this particular account. Every time you save a chart, you'll see the name of the chart that you saved under the charts tab. So, I'm going to launch a chart. I'm also going to launch a watchlist. And, notice how I'm customizing the sizing on these tools. Personally, I like to keep the sizing very tight as it relates to where all of the tools are located within the software. And notice within my watchlist here that I'm actually going to pull up a watchlist I created for this presentation. It's just called this Pro Tips Webinar. So, you can create a variety of watchlists on positions that you might be interested in owning, but an uncommonly known aspect of the features within your watchlist here is that you have a variety of columns you can incorporate into your watchlist. So, like, this watchlist I pulled up is really just the variety of ETFs. And keep in mind, any positions I pull up throughout the webinar here are for informational purposes only. There's no recommendation that's coming with any position I pull up. It's just to give you an example of how you can use the tools and the research to help you make decisions.

So, notice how I've got all of these different ETFs, and within the watchlist right now, I see the 52-week range, the price to earnings ratio, the dividend ex-date, the yield, and the estimated annual income. Well, find that income-oriented investor in part of my broad strategy is income orientation, let's call it, right? This gives me a great breakdown of what type of income I can expect from the positions that I own, and in the case of this particular watchlist, these are plugged into a new watchlist, and with each position, you'll notice that I entered different quantities and different entry prices, and that's why this watchlist is giving me a breakdown of total gain and loss, as well as yield and estimated annual income, it's based on the data that I input for the watchlist. But you can pull this data up on any of your specific accounts as well. So, when you go into a watchlist, it's not just a watchlist you're looking at. The tool is for watchlists as well as accounts, so you would be able to select one of your accounts if you wanted to as you're looking at the information.

Now, from here, what I may also do is incorporate a profile breakdown for either the company or the exchange traded fund that I'm looking at, that I'm considering. So, if you go into the News and Research tab, you'll notice that you have stock ETF profile. That's a relatively new feature of the software, and when I incorporate that window into the layout, you'll see here that upon linking tools together, so I'm going to link this chart to any other tool that is

linked to this grey icon, all right? So, link to the grey tools, and you'll notice SPX is coming up here, right? And if I come in and double click on IVV, because I have linked those two tools together through that grey linkage, when I double click on any position in a watchlist or in my accounts view, it will automatically populate within the chart, as well as in this case, the profile window, all right? And if we're going with this concept of trading, let's call it, we're trying to maybe trade some momentum or some trend here, what I may also do is incorporate into our layout under the Trade and Order tab, the Trade Armor ticket, because it is going to help me as I make decisions on entry and exit points, and it also helps me in the sense that I can place contingent and conditional orders. So, you'll see here now that if I link the Trade Armor tools to the others, it, too, will populate, in this case, IVV, which is an SMP500 ETF, passively managed index fund.

So, again, you can link tools together, makes it very quick, very easy for you to do assessments across a variety of pieces of information, right? Like, if I am on fidelity.com and I'm wanting to look at a watchlist and a profile and a trade ticket and a chart, I have to go to four separate pages to do that. With Active Trader Pro, regardless of if I'm trading actively or if I'm investing and I'm assessing opportunities, in particular on the entry and exit side of the equation, active trader pro can be very helpful for either process. So,

oftentimes, I think of the software more as an "Active Investor Pro" as opposed to just Active Trader Pro, because whether or not you're an extremely active trader or a very light trader, if you're an active investor, it's very helpful for you if you set it up the way that you need it in relation to your process, all right? So, if my process is such that I'm trying to trade swings in the market, well, it would make sense for me to customize some of the data that I'm looking at, in particular on my chart.

So, you'll notice that our chart right now is simply an open high-low close chart. And, personally, I prefer to use candlesticks. So, I will go into the settings for the chart, you'll notice within the chart itself here, you've got six tabs at the top: draw, indicators, events, compare, technical analysis, settings. And then you have three small icons. The floppy disk is to save your chart as you make changes, you can also export your chart as a picture, or you can print your chart. But you notice above the tabs, personally, I like to use multiple tabs that give me essentially multiple charts within one chart, OK? Meaning multiple timeframes and potentially multiple frequencies.

So, if I'm not necessarily thinking of day trading here, but more so swing trading over the course of days or potentially weeks, well, a today chart doesn't really help me. So, what I'll do is I'll double-click on the tab that is

today, and I'll just name this, let's go with a 10-day chart. I'll name it "10-day" and I'll put in the parentheses here, "60-minute," because I'm going to use a 60-minute frequency. Now, notice how that does not change anything within the chart. That's just naming that particular tab to support this concept of maybe a swing trading type of strategy, right? So, if I say 10-day, 60-minute, well now I need to go down to the bottom of the chart and select the timeframe that is a 10-day with a 60-minute frequency chart. And you may have already noticed that there's an indicator on this chart, this MACD indicator. I'm just going to take that off for the moment, and I want to show you here how we can customize this chart to be pertinent to what we're trying to accomplish. I'm going to do so by maximizing the chart. Oftentimes, when I'm doing an assessment on a company or on an exchange-traded fund that I might be using for one of my trading strategies, I'll maximize a certain tool within Active Trader Pro so I can see the data a little bit more clearly, OK? Or I can customize things a little bit more effectively when I maximize any particular window.

So, you'll notice from the settings tab within the chart, and the chart type currently reads OHLC. If I click on the dropdown for that OHLC chart type, I'm going to toggle to candlestick, because I prefer candlesticks personally for my approach. And you will also notice that I can choose between a linear or a

logarithmic pricing axis. I'll stick with linear here. And then you'll also notice that you have below, show or hide. I like to show the tabs, that's where I can have differing timeframes, OK, and I also like to see the volume in my chart. I'm not overly concerned about extended hours with this particular strategy, but you may have noticed how there's a watermark on the chart that shows the symbol. I personally don't like that watermark. I like to take the watermark away, so I'll go back into the settings and I'll take my watermark opacity down to zero, because I can see the symbol at the top left of the chart. And, truthfully, if I don't recognize a chart, I should probably become more familiar with the position before I start trading it.

So, right now, we see a 10-day, 60-minute chart, and my thought process here with looking at this chart is that each bar is an hour worth of the trading day, right? And if I'm looking at this chart, I very quickly can tell that over the course of the last 10 days, if I go into the draw tool for the chart, that we have some level of resistance, or a top, up around 314 let's call it. And we have some level of support down to the tune of, let's call it like 311, OK? So, if I'm looking at that, I might be thinking, "Hmm, do I want to try and trade this range," if I think that we might touch the 311 range and then bounce back off of it. Well, there would be a variety of indicators that I personally like to use. A lot of folks like to incorporate different indicators that might reflect oscillations

within price action, or momentum within price action, or trend within price action, and as I mentioned at the very beginning of the presentation, there's a lot of great help within the learning center on fidelity.com. So, if you go into the help tab at the very top right of Active Trader Pro, you can link into the learning center, and you'll actually see, for example, you have a technical indicator guide that you can link right into to learn more about what type of technicals you might incorporate into your chart.

Now, just for the sake of the example, I'm going to come in here and I'm going to throw in a few indicators. For example, I might throw in a simple moving average. So, quick tip, there are a lot of indicators that you can add into your chart if you know which indicator you want to add, you can either type in the name into the search box here at the top left of the indicators dropdown, or you can type in the acronym. So, if I type in SMA, that would give me Simple Moving Averages, and if I enter a Simple Moving Average into the chart, I can now see a 20-period moving average. Well, if I want two moving averages in the chart, again, I go into indicators and I select SMA, and I now have a second 20-period moving average. You might be thinking, "Pete, why on earth would I want two 20-period moving averages?" You really wouldn't, right? So, you'd want to go in and customize one of those moving averages by clicking on the bubble, modifying that particular moving average and let's say we wanted to

see a 50-period moving average.

Now, oftentimes people get confused. They think that I now have a 20-day and a 50-day moving average, but that's not the reality. It's a 20-period and a 50-period moving average based on frequency, the frequency of the chart, so in this case, a 60-minute frequency. So, we're looking at a 20-period 60-minute lookback, and a 50-period 60-minute lookback. So, if I wanted to see this as a daily type of moving average, I would need to have my frequency daily. But think about it, if I change my frequency to daily when I'm on a 10-day chart, that may or may not help me very much, right? I may want to expand that out to a further timeframe. So, one of the reasons why I like to use multiple tabs up here is because the 10-day 60-minute tab, let's call it, is giving me a short-term view of what's happening from a price action perspective and a trend perspective, so we're kind of seeing an uptrend with a range-bound trend over the last couple days. If I then go into the next tab, you'll notice it's titled as a one-year tab, I'll double click on that tab, let's call this one a one-month tab, and we'll do this also as a 60-minute one month tab, and again, I name the tab, but then I actually change the timeframe and the frequency at the bottom of the chart. And now I see one-month, 60-minute chart for, in this case, the SMP 500 ETF that is IVV. Again, I go into my settings, I can toggle to candlestick, take the watermark opacity back down to zero and

apply, and then if I want to see my moving averages on the chart, I simply go into my indicators, I enter in SMA twice, and then I would customize one of those moving averages from a 20-period to a 50-period. So, this is just a basic charting function.

In terms of helping me make decisions, what I personally like to do, and everyone needs to kind of pick and choose their own indicators that make the most sense for their process, but you've probably commonly heard of relative strength indicators and moving average convergence divergence indicators. Well, I like to have those on my chart, so I might go into the indicators again here, plug in RSI, and then I see my relative strength index, in this case, for the SMP 500, and I may also want to incorporate my moving average convergence divergence simply so I can compare what the two look like. Now, they have similar oscillations, but they're different, in terms of the calculations behind them. You'll even notice that with the RSI here, you're seeing overbought, oversold levels, general rule of thumb with our SI, a 70 on the topside and a 30 on the downside or the bottom side. Personally, I like to actually throw an indicator over the indicator, the RSI indicator. So, if I click there on the RSI bubble within that particular section of the chart, that pane, I'll add an indicator, and I'll actually add in a simple moving average, because maybe I'm not overly concerned about whether or not we're seeing overbought or

oversold levels, maybe I'm more so concerned about what the trend of the relative strength is. And this is showing me the trend of the relative strength in relation to a 20-period 60-minute moving average of the RSI, right? So, that, to me, helps me in making decisions, because I can see here that in terms of November 5<sup>th</sup> out to November 15<sup>th</sup>, this timeframe here, OK, and I'll even, just for the sake of it, draw onto the timeframe. If I'm looking at this from the 5<sup>th</sup>, OK, out to about the, let's go with the 15<sup>th</sup>, you can see here over this timeframe that the trend of the position, in this case, the SMP 500 is up trending, right? But I'm seeing breakdown in our SI. It's trending downward, and I'm seeing MACD starting to trend downward as well.

Now, we started to see this turn in terms of a pop with the gap up last Friday after the macro event of by and large the trade war and what's happening there, but what this helps me do is assess whether or not I might enter or exit a position, right? Or ease in or ease out of a position. So, the charting functionality within the software is phenomenal, but notice here how if I'm looking at the chart within the context of the layout that we're setting up, my trade ticket down at the bottom left actually gives me some very helpful information as well, because if I'm thinking of a trade that might last, let's call it a week, or two, or three weeks, well, a one-month time horizon is a pretty good time horizon for me to consider. And what we're seeing here most

recently is a little bit of a breakdown below that 50-period moving average.

We're also seeing a potential confirmation of that shift based on the RSI trend as well as the moving average convergence divergence. So, if my assessment of this position is such that I may want to get out, well, this is going to help me in that assessment, if I've already purchased into the position.

So, you'll notice within the Trade Armor tool, now we're looking at a three-month lookback. I could change this to a one-month lookback, and I can actually have the tool show me where, based on a 10-day lookback, the support and resistance areas are. So, you'll notice that the green line is showing a resistance of about 31361, and the blue line is showing a support level of 31069. So, again, that can help me in making decisions. Now, if I think that we might bounce off of this floor that is kind of like that 311 timeframe in the short term, then what I could do is I could come into the trade ticket and I could say I want to place a trade that is a buy that triggers a bracket order, and I want to execute my purchase if I can get into the position at 311, let's just call it, for the sake of argument, and if I can get in at 311, perhaps I have an upper profit target that can get me out at, let's just call it close to the resistance level of 313. Plug in 313 just for the sake of argument. And then on the downside, if I'm trying to stop myself out against a potential downtrend, I could set a stop or a stop limit or a trailing stop here, and I could call it, let's say 310. Maybe I

give myself a little bit of leeway, it really depends on what I'm trying to accomplish. But in this case, if I'm staging the order, I can see that this, what would be a short-term type of a trade, right, a swing essentially, is execute me if I can get in at 311, sell if I can get out at 313, or sell me at a stop at 310 if the stock, or in this case, the ETF, turns against me. So, I can actually assess my risk to reward here, right? I'm basically risking three points, if you will, for every six points I can make on the upside. In this case, we're looking at 3/10<sup>ths</sup> of a percent versus 6/10<sup>ths</sup> of a percent, approximately. So, that is very helpful for me if I'm trying to, let's call it swing trade, or maybe even go with shorter-term trading.

Another helpful section here of Active Trader Pro is its ability to link into fidelity.com. Now, I'm actually going to toggle over to this SPY position, which is essentially doing the same thing as IVV, but I'm going to show you why I toggle over to this in diving a little bit deeper into some handholding, let's call it. Now, you may have noticed within the chart you have a tab for technical analysis. This is like handholding, when you're assessing a chart. But when you click on the dropdown next to the symbol, you can link right into the research page within fidelity.com. And I bring this up because this can be very helpful, whether you're using an ETF or an individual equity, to get a third-party perspective as it relates to, in this case, what we're looking at on the

chart. So, you'll see that SPY populates, so it's an SMP500 ETF as well. It does the same thing as IVV, just tracks the index. But as I scroll down, SPY has been around quite a bit longer, and it has a bit more coverage on it. So, when I look at the section that is "technical events," I see more information than if I had gone into IVV. But essentially, the technical events are where Trading Central, a third-party research firm we partner with, is giving their perspective as it relates to a technical assessment. So, today, they came out and said bullish bias above 30560. So, essentially, they're saying, "Hey, our pivot point or our support level to the downside is 30560." They're telling us that their short-term view is a rise in price. Their medium-term view is range bound. So, can you see how this is very helpful? It gives you some sense of confirmation, or potentially the opposite, right? In terms of making a decision on what you may or may not do with a particular trade. And keep in mind, this isn't just applicable to trades, right, for short-term trading. This is also applicable to easing into a position that you might want to own for some time, whether it be a tactical position or more of a strategic position.

So, you'll notice here that the Trading Central data is telling us, "Hey, look, our preference is long positions above 30560, targeting 312 and 320 in extension." The alternative scenario is if we drop below 30560, look for further downside. And their commentary is mainly tied to RSI, they're saying the RSI shows

upside momentum. So, if we scroll down, we see the chart and how they're assessing the chart. Now, keep in mind, they're looking at a daily chart here, right? So, if we were to jump back over to our chart and say create another tab that is, let's go with a six-month tab just for the sake of argument, we'll do the six-month tab as being a daily chart, and we'll customize our settings, and go ahead and call that a standard candlestick, take our watermark opacity down to zero, hit "apply", and then let's just go ahead and throw our RSI as well as our moving average convergence divergence.

And again, I'm not saying these are the end-all be-all in terms of indicators. I'm giving you some examples of indicators you might use. You'd really want to delve deeper into the indicator guide to determine which indicators would make the most sense for you and for your approach, but you'll see here on the six-months view, yeah, we see an uptrend in price in terms of the SMP500, and in relation to that RSI, well, again, if we were to do that overlay of the RSI in terms of an additional indicator, putting a moving average on our indicator, we are seeing that that moving average has been trending upward since August. So, you may have noticed the date is, wherever you're hovering within the chart, the date reflects at the top left of the chart. So, if I'm looking at that and thinking, "OK, well, yeah, we kind of had a pullback there in August. Since

then, we've seen some volatility, but ultimately an uptrend."

So, what Trading Central is saying here is that based on their assessment, in relation to that RSI, you'll even notice they have a nine-period moving average over their RSI. Mine is a 20-period moving average that I put in. But they're also looking at that kind of trend, if you will, of the relative strengths. So, they're trying to smooth it out a little bit, and they're giving you their perspective. So, again, you can use this for any particular position, whether it be an exchange traded fund, or an individual equity, OK? So, some very helpful information.

I'm still here on the website within the Active Trader Pro software for this position that is SPY, but if I scroll down a little further, just below the technical event data, that's where you'll see the Recognia and technical analysis data. And you'll notice that short-term sentiment, as reflected by this data, is weak in the chart, but mid and long is strong. So, it's having different sets of eyes on the chart, and different methodologies for assessing the chart, right? You should have your own methodology for assessing entry and exit as it relates to whatever your strategy is but use the resources that you have at your fingertips to either confirm or deny what your expectation or what your assessment

might be.

So, this data is all time-weighted, and it's sentiment data based on indicators that are currently live in the chart. So, if I close that out and go back to our chart and click on the technical analysis section of the chart, I can incorporate patterns and events into the chart. And you'll notice the trading horizon, short term, intermediate term, or long-term. So, if I just include short-term technicals in the chart, and look at all classic pattern candlestick oscillators or indicator type of technical events, well, there's going to be probably quite a bit of red and some green. So, you notice here that you've got some red oscillation type of events, like the relative strength index in this case, that is dipping below that 70-period, and you also see some green commodity channel index events. In this case, you've also got some gaps, gap up or gap down, in that case it was gap up. Another relative strength bearish indicator.

So, you see here how these indicators identify for you what is happening within the chart, and if we incorporate the intermediate term as well as the long-term investments into the chart, we can see additional information. So, for example, we see back here on June 7<sup>th</sup>, the price crossed over the 50-week moving average. If I click on that particular icon, I can read all about what that technical event means. Right now, I can't add it into the chart, because it

happened on a weekly price period, and we're looking at a daily frequency chart. So, again, helpful tools for me to make decisions as it relates to, in this case, maybe more of a trading strategy, right?

Now, maybe we shift gears a little bit here. What we could do is we could come in and we could say, "All right, you know what? Let's save this chart," or I should say save this layout. Where we've made some changes to the charting, we would also want to save our chart. So, you'll notice that if I click on the floppy icon there within the chart, come down and say, "save chart," I'll rename this chart to, let's call it "short to intermediate assessment." And instead of making it the default chart, I just wanted a chart that I can access quickly if I want to look at a ten-day, a one-month and a six-month assessment of a chart. I'll then hit "save". So, now that chart is saved. When I click on the charts tab at the top, you'll see that there is a short to intermediate assessment chart, right? Just what I named the chart. Now, what I could do from here is I could go into a different layout. So, let's just say I want to go into this option trader layout. To be honest, I don't know how this is going to pop up, or even if anything's going to pop up, because it is a layout that was saved within active trader pro by somebody who uses our test account, right? Somebody here at Fidelity. So, what I'm going to do is I'm actually going to delete this chart, or this layout. I'm going to go into option trader, I'm going to say delete

that layout, we're going to start with a brand-new layout. We'll say yes, take it away. So now, when I go back into layouts, and what it's doing now is it's just coming up with the default layout, OK? And that default layout, guess what, is the one that we were just in, the Charting Like a Pro default layout.

So now, I can click on "new layout." So, if you do not see a new layout option at the bottom of your layouts tab, it's because you've maxed out the number of layouts you can have. So, if I now click on "new layout," I could call this "options," and I can say, OK, my new layout is going to be tied more to an options strategy, at which point I can incorporate an option chain, I can incorporate an option probability calculator. And notice how I'm just launching these tools before I move them around within the layout, to actually set up the layout. Maybe I also want to see an account positions window, and perhaps I'd also like to see a multi-trade ticket, or a multi-option trade ticket. Regardless, let's just stick with what we've got here. We've got a watchlist, we've got a probability calculator tool, and then we've got an option chain. So, I'm just going to move the tools to where I prefer them to be within the chart, all right? I should say within the layout, not within the chart. And then from there, if I'm trading options, I probably want to have a pretty good process as it relates to assessing price action, so again, I'll bring in one of our charts. OK. And, the next step in creating this layout would simply be tying

the tools together, because I want to be able to see the information that is pertinent to the position that I may be trading here, and if we go over to our watchlist, I'll just go back into that Pro Tips Webinar watchlist, just brings up those ETFs we were looking at previously. Well, if I'm trading options on SPY, I can double-click on SPY. I immediately have an option chain. I immediately have a probability calculator tool, and I immediately have a chart. So, now it would be more about how do I set up the chart that's pertinent to my strategy as it relates to options, and what timeframes am I looking at in relation to expiration dates?

So, just to give you a very quick example of how this can be helpful, well, if I'm thinking of placing some type of an option trade, maybe I own SPY, and I want to sell a covered call against it or something like that, to try and generate some additional income, because I don't think the market's necessarily going to go way up, I could come in here and I could say, "All right, well what if I wanted to look at a call that expires on December 24<sup>th</sup>?" I click on December 24<sup>th</sup>, it immediately pulls up the option chain, and I can say, "All right, well, if I don't think that the S&P500 is going to go above, let's call it like 3150," right, so the equivalent of 315 on SPY, then I could sell that particular call at the close of trading today, the bid was 156. So, quick insight.

Any time you see blue numbers here within the software, those are hyperlinks. So, if I, for example, wanted to sell a covered call here, I could click on the bid and the trade ticket is going to populate for me, and I can immediately fill out that ticket and place the trade. So, that's really quite helpful. Now, I talked about customization for tickets. If I go into my settings at the very top right of Active Trader Pro, we went into general settings before, but I can go into trade settings, and I can set up default settings for my trade tickets, whether it be in general, picking a default trading account and choosing what I want my default trade ticket to be, or skipping previews and confirmations, or selecting the type that I'm trading in. You can also put in default quantities, you can update your default order type, or your time enforce, and you can also update your options defaults. So, some nice little features if you're always doing the same, let's call it contract amounts or quantities in terms of shares for your stock trades. So, that's a nice little feature there as well.

In terms of this layout, if I wanted to assess the probability of SPY going above 315 between now and the expiration date that is December 24<sup>th</sup> based on volatility, that's where I may use the probability calculator. So, if I come into my probability calculator and put in a target price of \$315, let's call it, as one target price, and a target price of \$316.55, let's say if we were to bring in \$1.55 on that contract, we're looking at our break even to the upside if we're called away as being \$316.55, approximately. Well, if I put in those two target

prices and then plot out the expiration date within the probability calculator as December 20<sup>th</sup>, that's our monthly expiration for that particular contract. Well, actually, I chose the December 24<sup>th</sup> contract, so let's actually go back into the dropdown for the date and go with the 24<sup>th</sup>, OK. And based upon historical volatility, that is the 90-day volatility when creating a three standard deviation bell curve for the position, which, in this case, historical volatility for SPY was 11.55% over the course of the 90-day period, I can see that there is approximately 65% probability of the position being below 315 between now and that expiration date. Again, keep in mind, that is based on volatility.

And I can dive deeper. If you use options a lot, you'll know that you could use other volatility measures to help you get a gauge on what type of volatility is expected, like implied volatility. So, I can see that implied volatility for this position is closer to 12.25%. If I go back to the probability calculator, I could put in a customized probability, or I should say a customized volatility of 12.25%, and now I see that the probability of being below \$315 is actually a little bit lower. And being above \$316.55 is a little bit higher.

Now, keep in mind, I'm using this as an example for options, right? But you can use a probability calculator in assessing the probabilities of a stock or an ETF hitting a certain price between now and any date you select based on

volatility. Solely based on volatility. Not looking at technicals, not looking at fundamentals. But it is a helpful tool, because if you're buying a position and you think the position is going to go up 50%, you might want to consider what type of a probability that there is that the position could do that, and what type of a catalyst might drive that potential.

So, this might be an example of an options layout that I set up within active trader pro. Now, I'm actually going to jump back over here to our, let's go with this Charting Like a Pro layout, just for the sake of argument. And, you'll see the data comes back up how we left it, right? And if I wanted to set an alert, let's just say maybe my strategy is such that I'm trying to ease into a position that is lower volatility, right? Like, a fund that has similar characteristics to the equity market that might be similar to the S&P500, but the profile for the fund is such that I want to get lower volatility exposure. Well, I have a couple incorporated into the watchlist here, but know that if I click on the news and research tab, I can go into stocks or ETFs. If I go into ETFs, I can launch the screener. I can do the same thing for stocks. And if I wanted to find an ETF that does that, or I should say that has that type of an objective as part of the ETF, I can say I'm looking for an ETF that has an investment philosophy that is enhanced strategy, that is specific to let's just call it risk and volatility or momentum, right? So, I could look for a low-risk or a low-volatility type of

fund, or I could look for a minimum type volatility fund, or I could try to find a momentum or a technical type fund. If we're looking just from a volatility perspective, you'll notice there are a variety of funds that we could select. One of them, let's just call it random here, is USMV. If I'm using USMV, I can incorporate USMV right into my chart, and what I could do is I could say, all right, well, if I'm trying to ease into this position, the position has been pretty range-bound over the course of, in this case, the last four or five months, so maybe I want to start to consider entering by way of being alerted when the position hits a particular price. Well, if my thought is I want to buy at \$63, but I don't necessarily want to set a limit order to buy at \$63, I want to be alerted when the position hits \$63 so that I might go back in to reassess to determine for sure if I want to own the position. Well, I can do that through the trade ticket here, the trade armor ticket under the alert section, or I can go into the alerts tab, and I can select "set price alert." So, I could incorporate this tool into my layout if I'd like to.

But what I see here is USMV, and if I want to say alert me should there be a price movement to the tune of the position falling below \$63, I can set that alert right through Active Trader Pro. I can also customize how I get the alert. You'll notice within the tool there, I have "update delivery options."

As you can see, there are a lot of different ways to customize Active Trader Pro. It's all about what is your process. What is your process from let's call it a top-down research perspective? What is your process as it relates to bottom-up research and finding opportunities? What is your process for identifying entry and exit points, right? You can create the layout that is most pertinent to your process through the trading software. And it really is so individual to you and your circumstances and your situations, in terms of what kind of strategies you're running, that there really is no one layout fits all. Just like there is no one strategy fits all for investing or for trading. It's so dependent upon you individually, what your appetite is for risk or not risk, right, for less volatility. And then moving forward with the process that makes the most sense for you and for your approach, your strategy.

END OF AUDIO FILE