In this training webinar:

- Overview of the 3-Stock Trading Strategy
- What is the 3-Stock Trading Strategy
- How do we trade this strategy
- Selection of 3 stocks
- Money management rules
- Performance (2022-2024)
- February review
- Realities: Lessons to learn and remember

Strategy Objective

To invest a small amount of capital and compound it for rapid growth using monthly gains trading just 3 stocks.

Overview of the 3-Stock Trading Strategy

- A trading strategy that limited the amount of time needed to get returns

- Limited our stocks to the largest companies (S&P 500) which command the highest money flows

- Use technical and fundamental analysis processes to identify the best 3 stocks to own each month

- Capitalize on momentum in price action

- Concentrate capital in fewer stocks to increase the potential for gains

- Replicate strategy each month

- Keep it simple

3-Stock Trading Strategy

- Right combination of time, risk and reward

- Simple to use, no need to 'manage'

- Allows any portfolio size to trade

- Avoids capital dilution (trading too many stocks/positions)

- Scales as results achieved, without adding more money

- Compounds gains, if desired

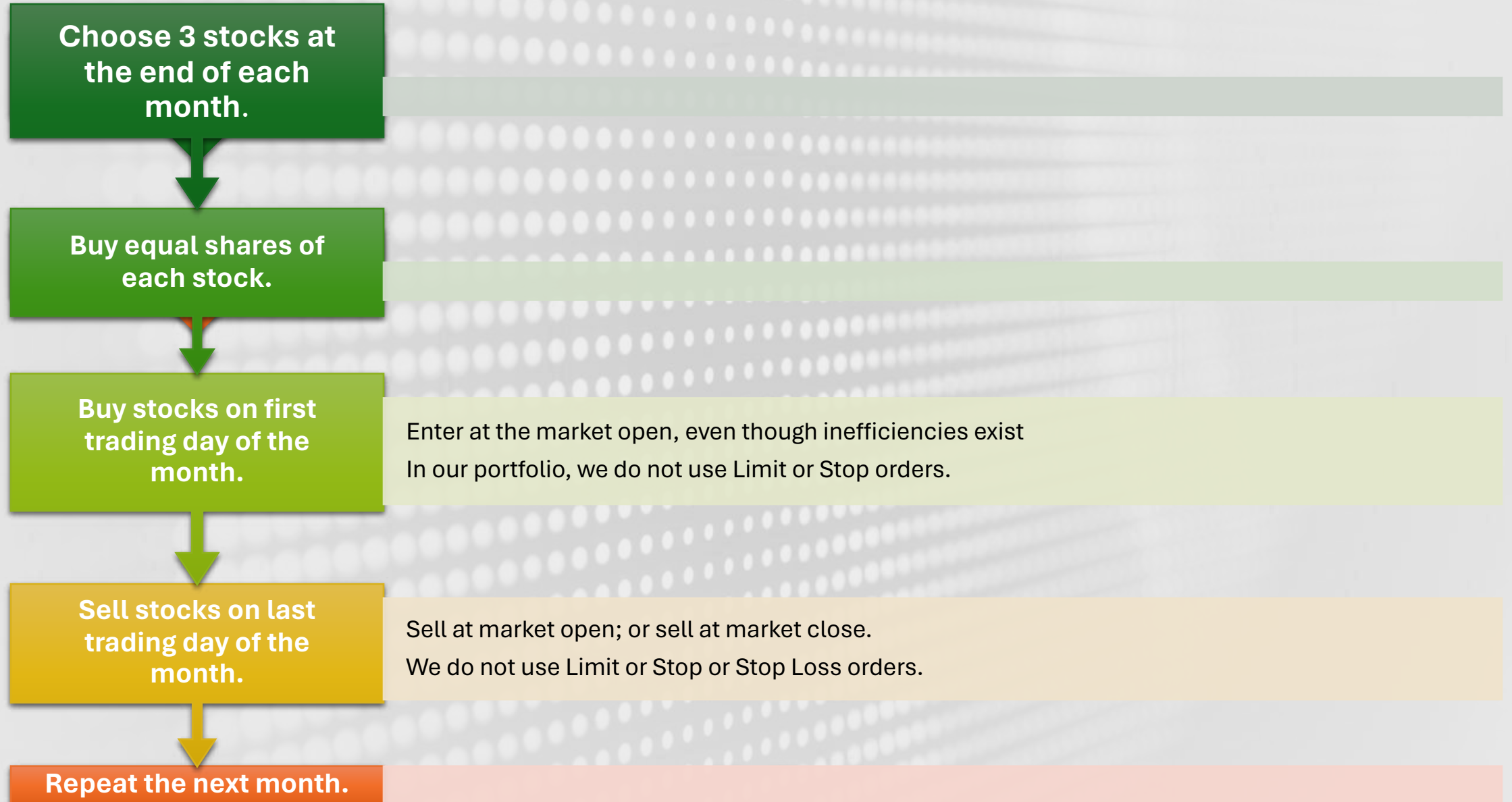- Flexible capital management (you can increase or decrease capital)

When To Trade

- There is a tendency for stocks to rise at the turn of a month

- This tendency is mostly related to periodic new money flows directed toward mutual funds at the beginning of every month

How We Trade This Strategy (Keep It Simple)

Choose 3 stocks at the end of each month.

Buy equal shares of each stock.

Buy stocks on first trading day of the month.

Enter at the market open, even though inefficiencies exist

In our portfolio, we do not use Limit or Stop orders.

Sell stocks on last trading day of the month.

Sell at market open; or sell at market close.

We do not use Limit or Stop or Stop Loss orders.

Repeat the next month.

What To Trade?

- How do we determine what to trade?
- Find the hottest stocks being bought!
- In other words, where is the current demand?

What We Do

- We run fundamental and technical analysis screens.

- We rank by top performing stocks that pass the screen.

- We use chart analysis to finalize the 3 we want to own.

Fundamental Analysis Terms

- **P/E** = Price-To-Earnings ratio

- **Forward P/E** = ratio of stock current price to its projected earnings per share (EPS)
    - In other words, Forward P/E > P/E = earnings are expected to increase

- **Short Float** = percentage of stock's shares investors are shorting relative to total number of shares available

- **Beta** = measure of volatility compared to the market (S&P 500)

Our 3-Stock Trading Strategy Fundamental Analysis Metrics

- Price to Earnings > 0
- Forward Price to Earnings > 0
- Short Float < 5%
- Beta > 1
- Price > $10
- Average Volume > 2M
- Country = USA

Core Thesis: Stocks in motion stay in motion

Find top performing stocks

- % Change Price – Half Year
- **% Change Price – Quarter**
- **% Change Price - Month**

No.	Ticker	Company	Sector	Industry	P/E	Forward P/E	Performance	Performance	Performance	Beta	Average Volume	Volume	Price	Rank 1	Rank 3	Rank 6	Avg Rank
3	AMD	Advanced Micro Devices In	Technology	Semiconductors	339.5	32.55	31.29%	64.44%	57.01%	1.64	69454.09	82050547	177.66	3	1	1	1.666667
1	NVDA	NVIDIA Corp	Technology	Semiconductors	87.36	31.38	39.08%	56.31%	48.62%	1.69	42257.14	47557339	661.6	1	3	4	2.666667
2	META	Meta Platforms Inc	Communication Services	Internet Content & Informatio	31.89	20.64	37.89%	52.31%	51.66%	1.16	16455.47	84640599	474.99	2	5	3	3.333333
7	UBER	Uber Technologies Inc	Technology	Software - Application	137.13	62.03	16.86%	55.30%	48.27%	1.33	31808.62	18649346	68.07	7	4	5	5.333333
4	PANW	Palo Alto Networks Inc	Technology	Software - Infrastructure	195.6	53.23	20.45%	40.92%	45.32%	1.25	4170.45	2539604	345.06	4	11	6	7
9	AVGO	Broadcom Inc	Technology	Semiconductors	37.17	21.97	15.66%	43.54%	38.35%	1.27	3411.23	2668447	1224.34	9	7	7	7.666667
11	CRM	Salesforce Inc	Technology	Software - Application	108.43	29.79	13.43%	40.09%	32.52%	1.28	5719.09	3629579	285.66	11	13	9	11
5	NFLX	Netflix Inc.	Communication Services	Entertainment	46.99	26.7	20.07%	34.38%	31.01%	1.22	4781.71	4030535	564.64	5	23	11	13
37	EXPE	Expedia Group Inc	Consumer Cyclical	Travel Services	27.12	12.21	4.18%	61.95%	53.09%	1.91	2524.2	1947320	151.05	37	2	2	13.66667
17	AXP	American Express Co.	Financial	Credit Services	18.41	14.02	10.78%	40.94%	24.04%	1.22	3190.57	3392983	206.41	17	10	18	15
13	IR	Ingersoll-Rand Inc	Industrials	Specialty Industrial Machiner	44.68	26.71	12.07%	35.09%	24.76%	1.43	2391.2	2395608	83.74	13	20	17	16.66667
8	AMZN	Amazon.com Inc.	Consumer Cyclical	Internet Retail	59.46	32.52	15.72%	25.41%	33.28%	1.15	47202.45	117132883	171.81	8	40	8	18.66667
29	LEN	Lennar Corp.	Consumer Cyclical	Residential Construction	11.19	9.63	5.73%	38.47%	25.58%	1.53	2068.47	2297551	154.01	29.5	15	14	19.5
31	PHM	PulteGroup Inc	Consumer Cyclical	Residential Construction	9.03	8.25	5.47%	37.21%	30.10%	1.58	2039.68	1641279	105.97	31	17	12	20
10	FAST	Fastenal Co.	Industrials	Industrial Distribution	35.13	30.26	13.80%	20.68%	24.92%	1.04	3748.36	4296720	70.65	10	49	16	25
18	GE	General Electric Co.	Industrials	Specialty Industrial Machiner	16.34	23.23	10.06%	27.31%	21.52%	1.27	4596.89	4871397	136.54	18	34	23	25
24	BK	Bank Of New York Mellon C	Financial	Asset Management	13.99	9.66	7.39%	28.86%	22.10%	1.11	4455.95	4148483	55.63	24	31	20.5	25.16667
25	PSX	Phillips 66	Energy	Oil & Gas Refining & Marketin	9.41	10.39	7.16%	25.31%	31.75%	1.38	3249.34	3702209	145.47	25	41	10	25.33333
16	CAT	Caterpillar Inc.	Industrials	Farm & Heavy Construction M	17.85	15.34	10.83%	35.91%	11.95%	1.14	2991.44	4655521	315.09	16	19	43	26
35	COF	Capital One Financial Cor	Financial	Credit Services	11.42	8.36	4.41%	36.11%	20.86%	1.49	2682.54	2128070	136.48	35	18	25	26
39	C	Citigroup Inc	Financial	Banks - Diversified	13.8	7.85	3.54%	40.25%	20.19%	1.52	19033.73	19269046	55.54	39	12	27	26
21	HWM	Howmet Aerospace Inc	Industrials	Aerospace & Defense	37.73	26.6	9.40%	29.07%	19.80%	1.41	2704.42	3097592	57.72	21	30	28	26.33333
6	EW	Edwards Lifesciences Cor	Healthcare	Medical Devices	36.81	31.22	17.72%	34.87%	7.61%	1.04	4217.5	11802534	86.09	6	21	56	27.66667
27	ROST	Ross Stores, Inc.	Consumer Cyclical	Apparel Retail	28.45	24.63	6.61%	23.88%	27.61%	1.05	2118.63	1936858	143.68	27	45	13	28.33333

Ranking Performance with Fundamental Analysis

Then We Review Charts to Confirm Momentum (or not)

Calculating Equal Shares

Step 1: Add together the prices of the 3 stocks

Step 2: Divide Capital committed by Total per Share value to get Total Shares per Stock to buy.

Step 3: Multiply Total Shares by each Stock Price for actual Capital per Stock. Use this for calculating total gains or losses per position

Total Capital used will never be 100% of your 3-Stock Portfolio Value. This is NOT critical (it didn't affect our ability to get 50% gains).

Capital	$ 13,939
Stock Price 1	$ 544.50
Stock Price 2	$ 538.29
Stock Price 3	$ 311.90
Total Per Share	$ 1,394.69
Total Shares/Stock	**9**
Capital per Stock	
Stock 1	$ 4,900.50
Stock 2	$ 4,844.61
Stock 3	$ 2,807.10
Total Capital	**$ 12,552.21**

Calculating Equal Weight Capital

Portfolio $	$	13,939

	Capital/Stock	Price	Shares
Stock 1	$ 4,646	$ 544.50	8
Stock 2	$ 4,646	$ 538.29	8
Stock 3	$ 4,646	$ 311.90	14

Stock 1	$ 4,356.00
Stock 2	$ 4,306.32
Stock 3	$ 4,366.60
Total Capital	**$ 13,028.92**

Step 1: Divide Total Capital by 3 (Positions) for capital per position

Step 2: Divide Capital per Position by Stock Price for Shares to Buy

Step 3: Multiply Total Shares by each Stock Price for actual Capital per Stock

- Use this for calculating total gains or losses per position

Total Capital used will never be 100% of your 3-Stock Portfolio Value.

Pros and Cons of Each Approach

Equal Shares

- Will generate higher overall returns over time due to share volume on wins
- Will have larger dollar value losses
- (Strangely enough) will also AVOID losses due to share volume
- Capital allocation will not have equal distribution and may be outsized on individual positions

Stock	Price	Shares	Capital
EVRG	$ 58.80	26	$ 1,528.80
CCL	$ 18.96	26	$ 492.96
NVDA	$ 424.13	26	$ 11,027.38

Equal Weight

- Will be closer to 100% allocated
- Will have higher or lower dollar losses due to share volume (random result)
- Will generate lower overall returns over time
- Risk missing out on big wins
- Easier to modify position size after a losing month

$	11,754	$	3,918	34	$ 3,815.48	$ 3,804.94	$ (10.54)
$	11,754	$	3,918	54	$ 3,861.00	$ 3,526.20	$ (334.80)
$	11,754	$	3,918	8	$ 3,742.40	$ 3,166.08	$ (576.32)
					$ 11,418.88	$ 10,497.22	$ (921.66)
$	10,832	$	3,610	59	$ 3,566.55	$ 3,664.49	$ 97.94
$	10,832	$	3,610	12	$ 3,355.80	$ 3,329.88	$ (25.92)
$	10,832	$	3,610	16	$ 3,409.12	$ 3,845.12	$ 436.00
					$ 10,331.47	$ 10,839.49	$ 508.02

Preferences

- We prefer Equal Shares for the long-term performance advantage

- Equal capital can be used by smaller portfolios or more conservative investors to smooth losses over time.

- Equal capital can be used when markets are trending lower.
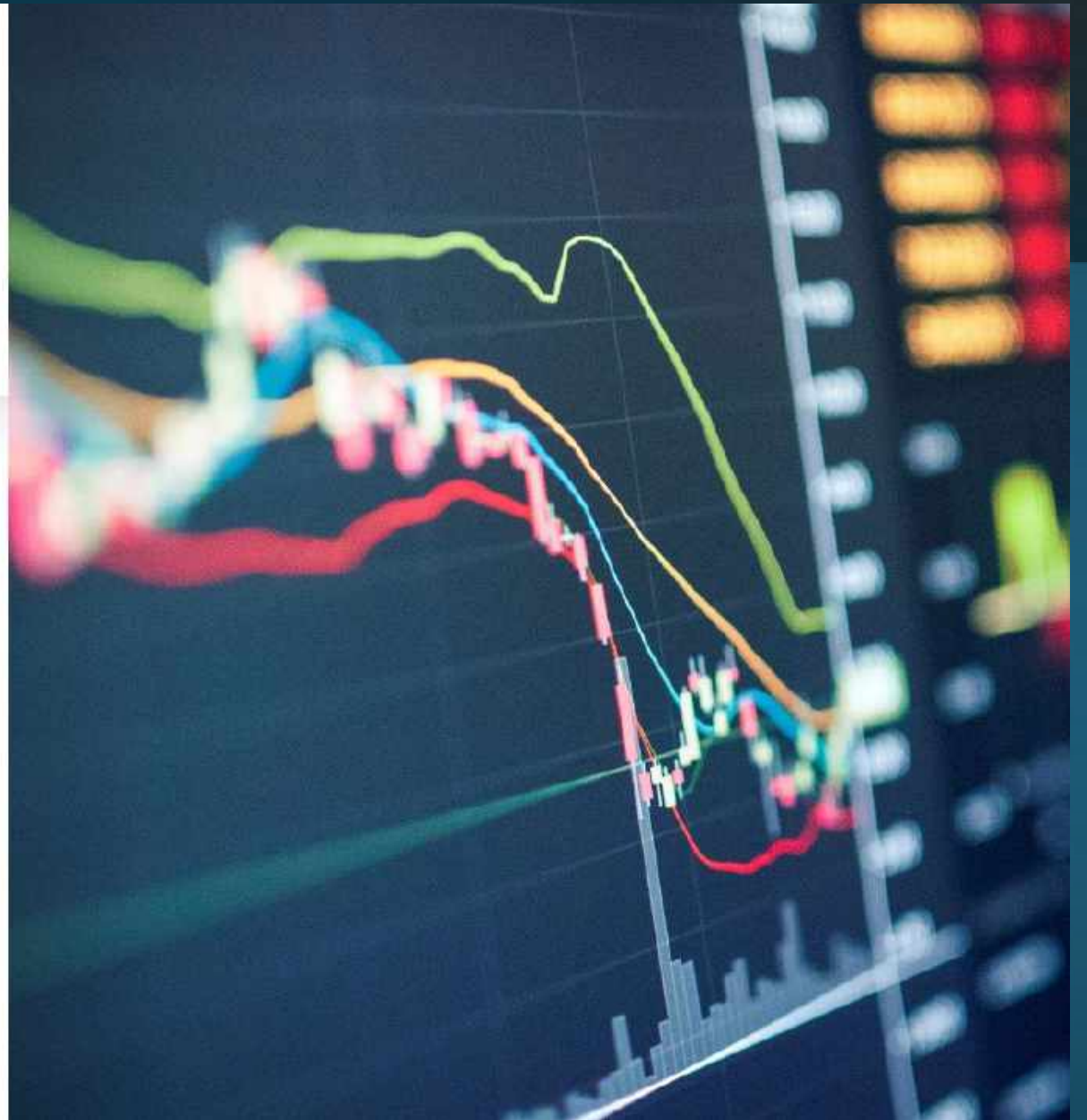
5% per Month, Compounded = 79.6% Annualized

Month	Starting Capital	Return	Ending Capital
1	$ 1,000	5%	$ 1,050
2	$ 1,050	5%	$ 1,103
3	$ 1,103	5%	$ 1,158
4	$ 1,158	5%	$ 1,216
5	$ 1,216	5%	$ 1,276
6	$ 1,276	5%	$ 1,340
7	$ 1,340	5%	$ 1,407
8	$ 1,407	5%	$ 1,477
9	$ 1,477	5%	$ 1,551
10	$ 1,551	5%	$ 1,629
11	$ 1,629	5%	$ 1,710
12	$ 1,710	5%	$ 1,796

2023 Monthly Ending Balance - 73% Return
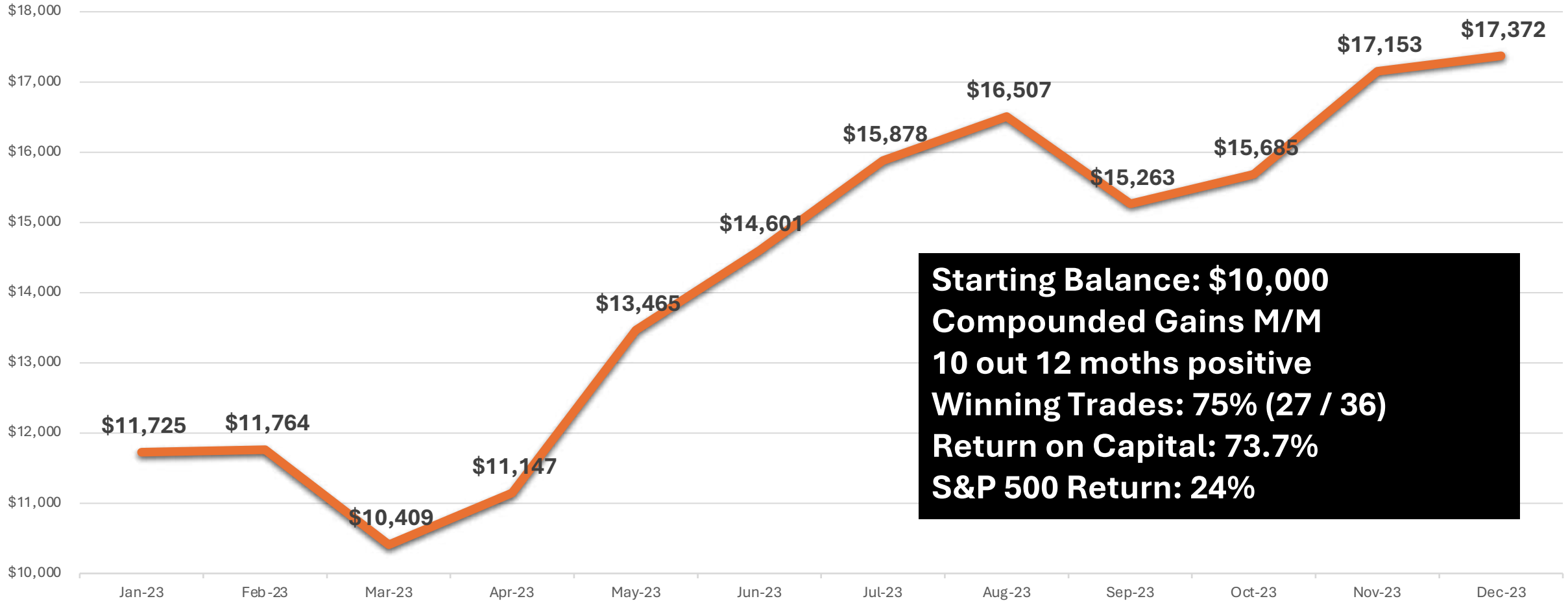
Starting Balance: $10,000
Compounded Gains M/M
10 out 12 moths positive
Winning Trades: 75% (27 / 36)
Return on Capital: 73.7%
S&P 500 Return: 24%

2023 Full-Year Performance

2022 Results (Bear Market)

- Percent listed is total return at end of month
- Return on Capital for the year: 2%
- Outperformed S&P 500 by 22%
- Swing of +33% from January to May
- Swing of +23% from June to November
- Should have gone on vacation in December

3-STOCK STRATEGY
VS.
S&P 500 (SPY)
2022

3 Stock Strategy: January -16%, February -10%, March 1%, April 1%, May 17%, June -8%, July 8%, August 5%, September 4%, October 11%, November 15%, December 2%

SPY: January -5%, February -8%, March -5%, April -13%, May -13%, June -20%, July -13%, August -16%, September -23%, October -18%, November -15%, December -20%
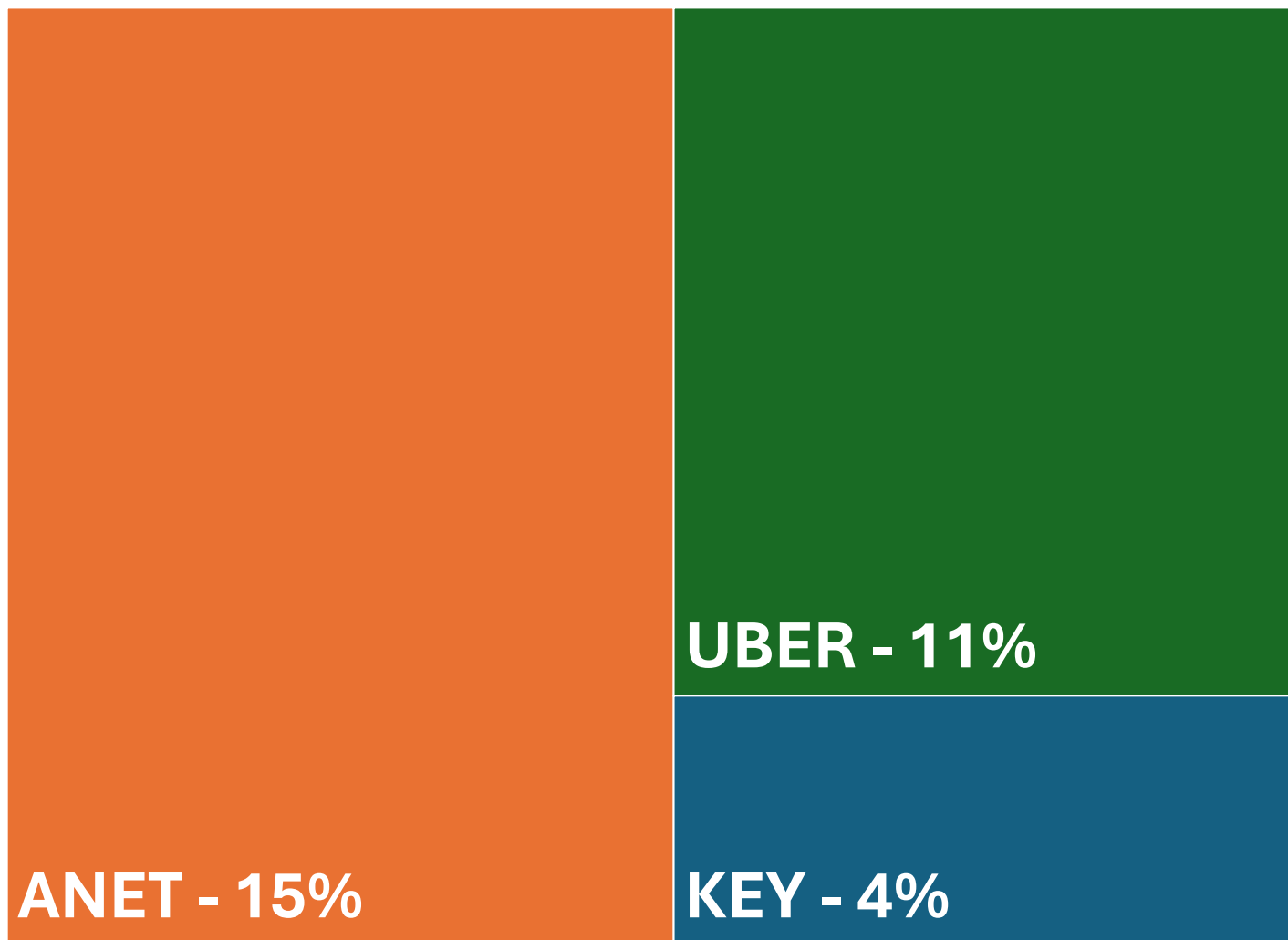
February Review

- NVDA carried the month at +23%

- UBER, carried over from January, added +16% on the month

- EXPE did not recover fully from post-earnings (CEO announcement)

February Results and 2024 YTD Performance

Symbol	Entry	Current	Result	Return	Shares	Invested	Gain/Loss	Net Value
NVDA	$ 639.74	$ 793.19	$ 153.45	23.99%	13	$ 8,316.62	$ 1,994.85	$ 10,311.47
UBER	$ 66.98	$ 77.91	$ 10.93	16.32%	13	$ 870.74	$ 142.09	$ 1,012.83
EXPE	$ 150.71	$ 136.03	$ (14.68)	-9.74%	13	$ 1,959.23	$ (190.84)	$ 1,768.39
	$ 857.43				13	$ 11,146.59	$ 1,946.10	$ 13,092.69
							Monthly Return	17.5%
							Capital Unused	$ 340.13
							Total Portfolio Value	$ 13,432.82
							YTD Gain	**34.3%**

3-Stock Trading Strategy

- Start with any portfolio value

- Enter trades at start of the month

- Exit trades at the end of the month

- Potential for rapid growth of trading/investing account

Lessons to Pass On

- We are not trying to outsmart Wall St.

- None of us can control prices on entry or exit day.

- Please don't decide to skip a stock simply because it gaps up on entry day.

- Earnings cannot be a reason to avoid a stock.

- All three February stocks reported earnings:
  - Good luck: NVDA
  - No Luck: UBER
  - Bad Luck: EXPE

Preview: March 2024 Stocks

- All 3 stocks are $60 > <$200 per share
- Sectors:
  - **Healthcare**
  - Industrials
  - Industrials

Preview: March 2024 Stocks

- Sectors:
  - Healthcare
  - Industrials
  - **Industrials**

Entry Process

Enter trades on first trading day of each month. → Use **market close price** to determine shares to buy.

Trades (orders) can be entered the previous night to execute at the market open. → Advanced traders can use other tactics for trade entry.
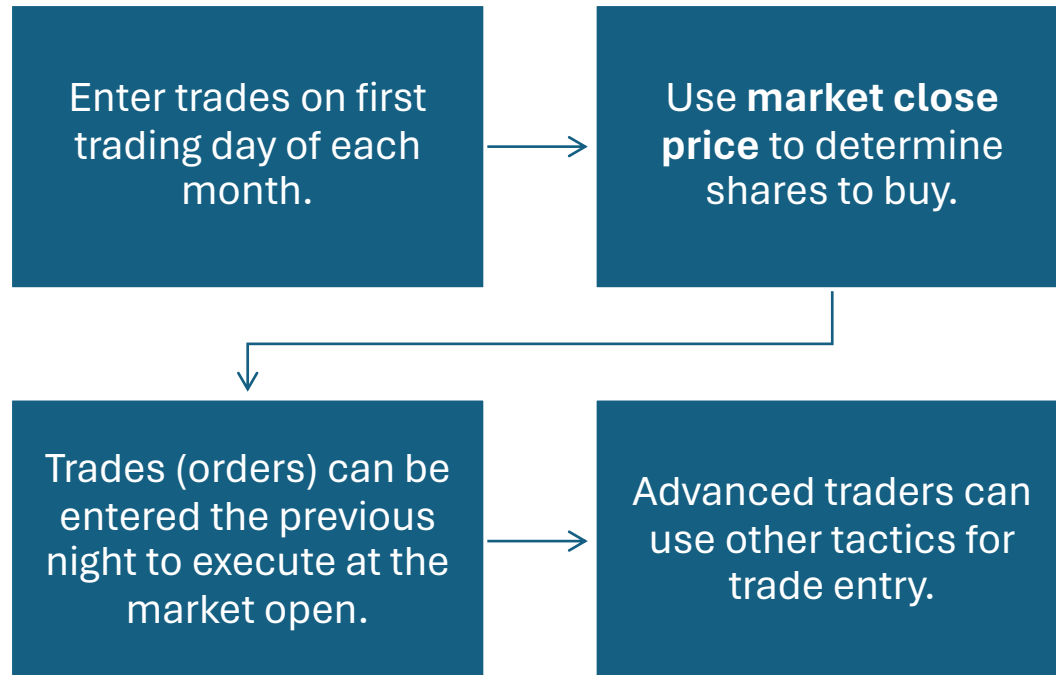
SYMBOL	10/31
ADBE	532.06
FAST	58.34
LLY	553.93
Total per Share Value	**$1,144.33**
Portfolio Capital	$13,948
Shares per Position	12

Exit Process

Exit trades on the last trading day of the month.

Orders can be setup ahead of the last trading day, using market orders to exit at the open.

Advanced traders can use other tactics for exiting a trade (intra-day exit or market on close).

Then reset capital allocation each month by using the Entry Process again.

3-Stock Trading Strategy: Now Open

- 3-Stock Trading Portfolio is sent via email on the last trading day of each month (4pm Eastern Time).

- Also posted to our Trade Exchange Community for easy access.

- Will add SMS alerts by end of March.

- We do calculations for shares to own based on OUR trading portfolio and to show you how to do it.

- You can start with any amount; we started with $10,000 but that amount is not required.

- We'll update results once per week; do a monthly review at the end of the month (just like this one).

Here's What To Expect Each Month

- Brief analysis on why the stock was selected.

- Table to help calculate Equal Shares.

- Instructions for entering and exiting the 3 stocks for the month.

- Ongoing communication, performance or other analysis during the month.

- Building a calculator for the Equal Shares approach (April)

Here are the stocks we will be buying in the master portfolio. Prices are based on 1/31/24 close.

1. Nvidia (NVDA) – Technology / Semiconductors – $615.27

The company broke out of its consolidation range at the start of 2024 and is has been near the top of the top-performers list for the 1-month, 3-month, and 6-month timeframes.

Sales continue to grow as AI-mania takes over the markets. While the P/E is high at 83.10, the Forward P/E is sitting at 29.85, showing we could be trading at a discount to forward earnings projections.

2. UBER Technologies (UBER) – Software / Ridesharing – $65.27

UBER is staying on our list for February. It continues to rank near the top of the performance list in the multiple timeframes and has continued higher after re-testing the $63.50 area of support/resistance.

Sales post-pandemic continue to grow year-over-year and like the others on the list, we're seeing a beta over 1, and forward p/e less than the current p/e.

3. Expedia (EXPE) – Travel Services – $148.33

After a strong upward movement from their last earnings announcement, the stock has been in a consolidation pattern since the start of 2024. We're looking for a breakout above $155.
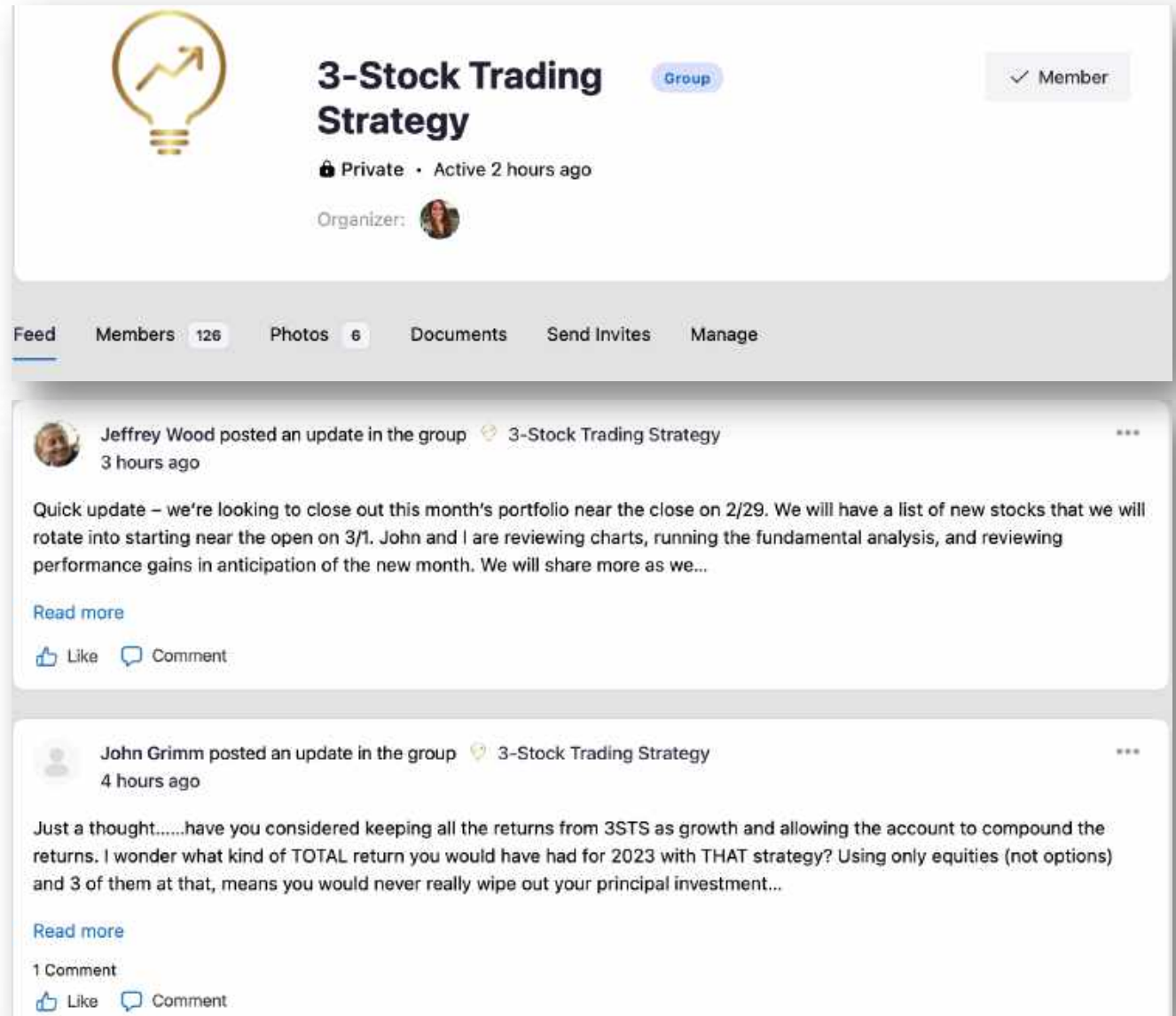
Equal Shares		
Capital to Invest	$	11,486
Stock 1	$	154.00
Stock 2	$	67.00
Stock 3	$	627.00
Total Per Share	$	848.00
Total Shares/Stock		13
Capital per Stock		
Stock 1	$	2,002.00
Stock 2	$	871.00
Stock 3	$	8,151.00
Capital Invested	$	11,024.00
Cash Available	$	462.00

3-Stock Trading Strategy Community

Share wins and ideas with other investors following the same strategy.

Ask questions of Jeff and John or other members (and get them answered).

Get easy access to your 3-Stock Portfolio and updates every month.

3-Stock Trading Strategy Group ✓ Member

🔒 Private · Active 2 hours ago

Organizer:

Feed   Members 126   Photos 6   Documents   Send Invites   Manage

Jeffrey Wood posted an update in the group ♢ 3-Stock Trading Strategy
3 hours ago

Quick update – we're looking to close out this month's portfolio near the close on 2/29. We will have a list of new stocks that we will rotate into starting near the open on 3/1. John and I are reviewing charts, running the fundamental analysis, and reviewing performance gains in anticipation of the new month. We will share more as we...

Read more

👍 Like   💬 Comment

John Grimm posted an update in the group ♢ 3-Stock Trading Strategy
4 hours ago

Just a thought......have you considered keeping all the returns from 3STS as growth and allowing the account to compound the returns. I wonder what kind of TOTAL return you would have had for 2023 with THAT strategy? Using only equities (not options) and 3 of them at that, means you would never really wipe out your principal investment...

Read more

1 Comment

👍 Like   💬 Comment

3 STOCK STRATEGY

Our 3-Stock Portfolio for March

- Released on Thursday, February 29 at 4pm Eastern
- Enter trades on Friday, March 1 at the market open

3 STOCK 💡 STRATEGY

$297 Quarterly Membership

- Monthly 3-Stock Portfolio Sent Via Email and Posted to Our Trade Exchange Community Site
  - Sent on last day of each month at 4pm Eastern Time
  - Analysis on the 3 Stocks Selected
  - Equal Shares Calculator (Coming in April)
- SMS Reminders to Enter/Exit (Coming in April)
- Updates and Analysis Throughout the Month
- Access to 3-Stock Trading Community (Trade Exchange)
- Monthly Performance Review Webinar
- Support via Email or Trade Exchange Community