

Beginners Corner Information

Lesson 3

Selecting the Underlying Security Using Fundamental & Technical Analysis

Selling Cash-Secured Puts

What is Fundamental Analysis?

- A method of evaluating the financial health of a company by looking at earnings, sales, assets etc.
- $PE\ Ratio = Price / Annual\ Earnings$
- $PEG\ Ratio = PE\ Ratio / Earnings\ Growth$
- Online software screening services:
- Free and Pay

Fundamental Analysis- BCI Methodology

- IBD 50 Index- favors earnings and sales
- IBD SmartSelect Ratings- 6 green circles
- StockScouter Rating System- 5 or better or other risk-related screen

Links to Fundamental Screens

- www.investors.com
- www.finviz.com
- Stocks not listed in the IBD 50 must pass the SmartSelect and Scouter (or other risk-related screen) screens to remain in consideration
- The Premium Report will screen these for you

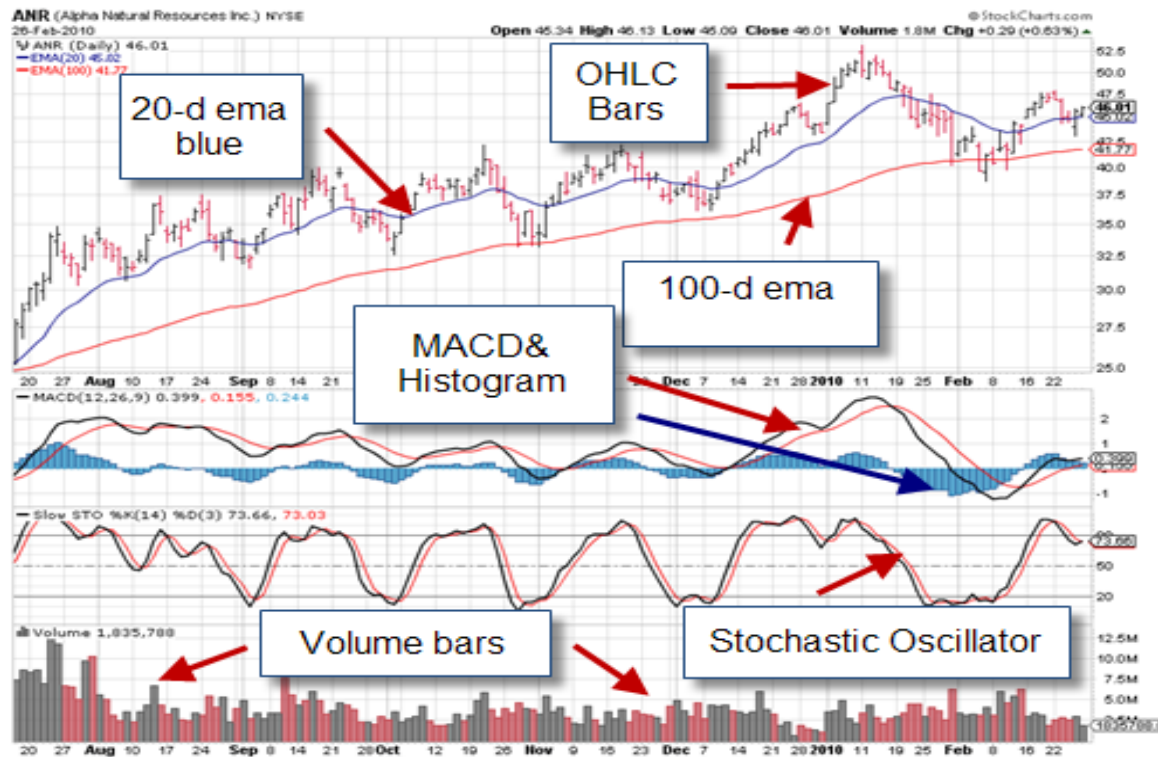
What is Technical Analysis?

- A method of predicting future stock price based on historical price movements
- A price chart over time
- Determine trend and momentum
- Free sites available
- www.stockcharts.com

Technical Analysis- BCI Methodology

- Moving averages- trend
- MACD histogram- trend and momentum
- Stochastic Oscillator- momentum
- Volume- confirmation

WWW.STOCKCHARTS.COM



- Weekly Rank or Other Source...Indicates Weekly Top 50 Rank Or Other Database As Source Of Stock
- (@) Indicates Price Bar (Or Candle) On 20 Day EMA...OK To Keep On Watch List
- (?) Indicates Technical Indicators Mixed...OK To Keep On Watch List
- ER Dates Are Based On Currently Available Information...Check Actual ER Date Prior to Establishing Your Position

• THE RISK/REWARD RATINGS FOR THIS WEEK ARE BASED ON THE STOCKSCOUTER RATINGS AS OF 10/31/14

DISCLAIMER: The Blue Collar Investor Premium Report is a screening service and is not a stock recommendation or selection service. The information is being provided is for educational purposes only and is not financial advice or recommendations to buy or sell anything. Please speak with a qualified financial advisor before placing any trades. We highly recommend that you paper trade until you are comfortable with the BCI process.

Symbol	Company Name	Weekly Rank or Other Source	Price	Opts Avail (Y/N)	Report Same Store Sales (Y/N)	Pass Fund'l And Tech'l Screens (Y/N)	Avg. Vol.: >250K Sh/Day (Y/N)	Pass Risk vs. Reward (Rank 5 or Higher)	Chart: PRICE BAR above 20 EMA above 100 EMA (Y/N/@)	Tech Ind. OK: MACD & Stoch. (Y/N/?)	Earn. Report In This Option Month (Y/N)	Comments
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Passed All Screens - ELIGIBLE CANDIDATES

ADS	Alliance Data Sys Corp	38	283.61	Y	N	Y	Y	9	Y	Y	N	
AFSI	Amtrust Financial Svcs	35	49.89	Y	N	Y	Y	7	Y	Y	N	
ALXN	Alexion Pharma	10	193.81	Y	N	Y	Y	7	Y	Y	N	
AMBA	Ambarella Inc	8	47.14	Y	N	Y	Y	5	Y	Y	N	
BKW	Burger King Worldwide	Other	32.60	Y	N	Y	Y	7	Y	Y	N	
CAVM	Cavium Inc	28	53.07	Y	N	Y	Y	7	Y	Y	N	
CNC	Centene Corp	Other	91.72	Y	N	Y	Y	6	Y	Y	N	
CP	Canadian Pacific Rail	Other	206.47	Y	N	Y	Y	7	Y	Y	N	
CTSH	Cognizant Tech Sol	Other	53.62	Y	N	Y	Y	10	Y	Y	N	
ELII	Elie Mae Inc	Other	40.29	Y	N	Y	Y	5	Y	Y	N	

Prev. Expiry Month	Current		Month		Expiry ▼ Week 5	Running List	Price	# Wks On Run List	Next ER Date	Industry Segment	Segment Rank	Beta	% Div. Yield	Wkly Avail	NTM OI >100 Cntr.	Comments (The last or next Ex-Div date is shown)
	Week 1	Week 2	Week 3	Week 4												
10/17/14	10/24/14	10/31/14	11/07/14	11/14/14	11/21/14											
IBD 50 & OTHER - PASSED CURRENT WEEK						PASSED PREVIOUS WEEKS & PASSED CURRENT WEEK										
AFSI	AFSI	AAPL	AAPL			SCLN	7.71	6	11/10/14	Medical	A/A	1.37			Y	
AKR	AGN	ABC	ABC			MMS	49.19	2	11/13/14	Busn Svcs	B/C	1.20	0.40		N	11/12/14
AKRX	AKRX	ADS	ACT			MONT	22.21	5	11/14/14	Chips	A/A	n/a			Y	Possible delisting by NASDAQ
AMBA	ALXN	AGN	ADS			CRM	63.97	2	11/19/14	Software	A/A	1.73		Y	Y	
ATHM	AMBA	AKRX	AFSI			GMCR	152.90	3	11/19/14	Retail	A/A	1.37	0.70	Y	Y	10/01/14
AVGO	ATHM	ALXN	AGN			ARUN	21.11	2	11/20/14	Internet	A/A	1.50			Y	
CRL	AVGO	AMBA	ALK			AMBA	47.14	8	12/04/14	Chips	A/A	2.25		Y	Y	
DATA	BCR	AMGN	ALXN			AVGO	85.04	4	12/04/14	Chips	A/A	1.58	1.50		Y	09/17/14
EXR	BITA	ARUN	AMBA			LEN	44.54	2	12/18/14	Building	C/C	1.10	0.40		Y	10/15/14
GPN	BKW	AVGO	AMGN			GPN	82.76	5	01/07/15	Finance	A/A	1.06	0.10		Y	11/12/14
HAIR	BRCM	BCC	AVGO			HAWK	36.30	4	01/07/15	Finance	A/A	0.75			Y	
HAWK	CELG	BCR	BCR			OZRK	36.30	3	01/13/15	Banks	B/B	1.17	1.40		Y	10/15/14
HDB	CP	BIDU	BIDU			TSM	21.82	3	01/15/15	Chips	B/B	0.79	1.80		Y	07/14/14

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Prev. Expiry Month	Current		Month		Expiry ▼ Week 5	Running List	Price	# Wks On Run List	Next ER Date	Industry Segment	Segment Rank	Beta	% Div. Yield	Wkly Avail	NTM OI >100 Cntr.	Comments (The last or next Ex-Div date is shown)
	Week 1	Week 2	Week 3	Week 4												
10/17/14	10/24/14	10/31/14	11/07/14	11/14/14	11/21/14											
INSY	CRL	BKW	BKW			WAL	26.52	2	01/15/15	Banks	B/C	1.53			Y	
JAZZ	CTAS	CELG	CAVM			MANH	40.05	6	01/20/15	Software	A/A	1.30			Y	
KNX	DATA	CFN	CDW			RHI	56.00	1	01/20/15	Busn Svcs	B	1.37	1.30		Y	11/21/14
LSTR	EPAM	CNC	CELG			BCR	162.38	3	01/21/15	Medical	A/A	0.95	0.50		Y	10/16/14
MANH	EXR	CP	CNC			FFIV	126.66	2	01/21/15	Internet	A/A	1.34		Y	Y	
MONT	ER	CRM	CP			NYPL	72.54	2	01/21/15	Chips	A/A	1.80			Y	

Summary

- Stock selection for cash-secured put writing begins with locating stocks with the greatest earnings and sales growth
- We then evaluate price charts for bullish trends and momentum
- Screening can absolutely be done by average retail investors
- The BCI team produces a weekly report of screened stocks
- In Lesson 4 we will discuss common sense considerations that must be factored into our stock selection decisions