Beginners Corner Information

Lesson 4

Stock Selection: Common Sense Considerations

Selling Cash-Secured Puts

Avoid Earnings Reports

 Never sell a put option when a company is reporting earnings in the current contract period

WWW.EARNINGSWHISPERS.COM

Premium Report- running list

		Current	Month					#								
Prev. Expiry Month	Week 1 10/24/14	Week 2 10/31/14	Week 3	Week 4 11/14/14	Expiry Week 5 11/21/14	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-I date is shown)
IBD 5	0 & OTH	ER - PA	SSED CU	JRRENT	WEEK			PAS	SED PREV	IOUS WEE	KS & PA	SSED	CURI	RENT	WEE	<
AFSI	AFSI	AAPL	AAPL			SCLN	7.71	6	11/10/14	Medical	A/A	1.37			Υ	
AKR	AGN	ABC	ABC	1 1	- 5	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			Υ	Possible delisting by NAS
AMBA	ALXN	AGN	ADS			CRM	63.97	2	11/19/14	Software	A/A	1.73		Υ	Υ	
ATHM	AMBA	AKRX	AFSI			GMCR	152.90	3	11/19/14	Retail	A/A	1.37	0.70	Υ	Υ	10/01/14
AVGO	ATHM	ALXN	AGN			ARUN	21.11	2	11/20/14	Internet	A/A	1.50			Υ	
CRL	AVGO	AMBA	ALK		6	AMBA	47.14	8	12/04/14	Chips	A/A	2.25		Υ	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		Υ	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
HAIN	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		Υ	10/15/14
HDB	CP	BIDU	BIDU			TSM	21.82	3	01/15/15	Chips	B/B	0.79	1.80		Υ	07/14/14
-	Confi	dential							lar Investor						1.	1/9/2014

Confidential						ww	ecoll	arinvestor.	11/9/2014							
		Current	Month					#								
Prev. Expiry Month	Week 1	Week 2	Week 3	Week 4	· ·	Running List	Price	Wks On Run	Next ER Date	Industry Segment	Segment Rank	Beta	% Div. Yield	Wkly Avail	NTM OI >100	Comments (The last or next Ex-Div date is shown)
10/17/14	10/24/14	10/31/14	11/07/14	11/14/14	11/21/14			List							Cntr.	
INSY	CRL	BKW	BKW			WAL	26.52	2	01/15/15	Banks	B/C	1.53			Υ	
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	В	1.37	1.30		Υ	11/21/14

3

01/21/15

Medical

A/A

0.95 0.50

Y 10/16/14

162.38

BCR

LSTR

EPAM

CNC

CELG

<u>Avoid Stocks That Report MONTHLY Same</u> <u>Store Sales Stats</u>

- "Banned Stocks"
- GPS, WAG, COST
- For a FREE list: www.thebluecollarinvestor.com
- "Free Resources" link on the top black bar of the BCI website

Minimum Trading Volume

Never buy a stock with an average trading volume <
 250,000 shares per day

Favor options with a minimum "open interest" of 100 contracts and/or a bid-ask spread of \$0.30 or less.

Nov 14		HELLOW Sec.				
Strike	Last	Intrinsic Value	Bid	Ask	Vol	Open interest
45.00	0.05	0.00	N/A	0.05	0	14
50.00	0.05	0.00	0.05	0.05	0	73
55.00	0.05	0.00	0.05	0.05	0	147
60.00	0.05	0.00	0.05	0.05	0	3,067
62.50	0.08	0.00	0.05	0.10	0	229
63.00	0.08	0.00	0.05	0.10	0	18
63.50	0.10	0.00	0.05	0.15	0	5
64.00	0.10	0.00	0.05	0.15	0	16
64.50	0.12	0.00	0.05	0.20	0	31
65.00	0.17	0.00	0.10	0.25	0	1,646
65.50	0.22	0.00	0.15	0.30	0	14
66.00	0.28	0.00	0.20	0.35	0	40
66.50	0.35	0.00	0.25	0.45	0	4
67.00	0.45	0.00	0.35	0.55	0	106
67.50	0.55	0.00	0.40	0.70	0	124
68.00	0.75	0.00	0.65	0.85	0	575
68.50	0.95	0.00	0.85	1.05	0	892
69.00	1.10	0.00	0.95	1.25	1	192
69.50	1.40	0.44	1.30	1.50	0	206
70.00	1.70	0.94	1.60	1.80	0	6,886
70.50	1.88	1.44	1.65	2.10	0	158
71.00	2.30	1.94	2.10	2.50	0	227
71.50	2.67	2.44	2.50	2.85	0	390
72.00	2.92	2.94	2.65	3.20	0	679
72.50	3.45	3.44	3.20	3.70	0	420
73.00	3.80	3.94	3.50	4.10	0	297
73.50	4.25	4.44	3.90	4.60	0	182
74.00	4.60	4.94	4.20	5.00	0	55

Stock And Industry Diversification

- Minimum of 5 different stocks in 5 different industries
- No one security or group represents > 20% of your portfolio
- Premium "running list" has industry information
- Exchange-traded-funds are another way to diversify
- Premium ETF Report

Cash Allocation (\$50K Portfolio)

A	В	С	D	Е	F	G	Н	
STOCK		<u>Price</u>	# shares/1	<u>UK</u>	Rounded	<u>011</u>	# contract	S
А		\$10	1000		1000		10	
В		\$20	500		500		5	
С		\$30	333		300		3	
D		50	200		200		2	
E		100	100		100		1	

Premium Report- Common Sense Info

	MALIFER AND AND ADDRESS OF THE PARTY.	A STATE OF THE PARTY OF		Name and Address of the Owner, where	Name and Address of the Owner, where	-	SCHOOL SHOW	-	STREET, STREET	MARKET THE REAL PROPERTY.		TCH LIST
	WEEK	LY S	TO	CK	SCRI	EEM	/IC	AS (OF CL	OSE	ON 1	2/16/11
	Weekly Rank or (?) Indicates Ch ER Dates Are B	nart or T	echni		ne store sales wailable	ec trac		ume on	ther Data Watch Lis tual ER Da	t		Of Stock olishing Your Position
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 (<u>Y</u> /N)	Avg. Vol.: >250K Sh/Day (Y/N)	Pass Risk vs. Reward (Y/N)	Chart: ▲ Price ▲ 20EMA ▲ 100EMA (Y/N/2)	Tech Ind. OK: MACD Stoch. (Y/N/2)	Earn. Report In This Option Month (Y/N)	Comments
						Passed	All S	creens	1			
ALK	Alaska Air Group Inc	Other	76.16	Υ	N	Υ	Υ	Υ	Υ	Υ	N	
CPRT	Copart Inc	Other	46.15	Υ	N	Υ	Υ	Y	Y	Υ	N	
DLR	Digital Realty Trust Ind		65.57	Υ	N	Υ	Υ	Y	Y	Y	N	
IDAS	J D A Software Group		33.50	Υ	N	Y	Υ	Y	Y	Y	N	
LQDT	Liquidity Services Inc	Other	38.64	Υ	N	Υ	Υ	Υ	Y	Υ	N	
PAA	Plains All Amer Pipe	Other	69.37	Y	N	Y	Y	Y	Y	Y	N	

Summary

- In addition to fundamental and technical analysis we must also factor in common sense principles
- Earnings reports
- Same store MONTHLY sales stats
- Minimum trading volume
- Stock and industry diversification
- Cash allocation
- In Lesson 5 we will address Calculations