

The Million Dollar QUESTION:



How can I be a better trader?

FEATURING:

***This Summer's 4
Must-Own Stocks***

One for each trading style:

- Momentum
- Aggressive Growth
- Value
- Growth & Income

Table of Contents

[Introduction](#) pg 2

Step #1: [Identify](#) pg 3

Step #2: [Analyze](#) pg 6

Step #3: [Manage](#) pg 7

[Practice, Practice, Practice](#) pg 9

Introduction

Want to be a better trader?

Of course you do.

Everyone, no matter how good or bad they are as a trader or investor right now, would like to be better.

The million dollar question of course is how – how do you become a better trader?

One thing is for sure, it will take some work.

But you can start making improvements right away.

3 Steps to Becoming a More Successful Trader

Let's go over the three key things that you can start doing today to become a more successful trader or investor.

Identify

The first step is to identify what kind of trader you are (or want to be).

So let's define what the four main fundamental trading styles are: Momentum, Aggressive Growth, Value, and Growth & Income:

1. Momentum:

Momentum traders look to take advantage of upward trends (or downward trends) in a stock's prices or earnings. They believe that these stocks will continue to head in the same direction because of the momentum that is already behind them.

And there's a lot of evidence to support the idea that stocks making new highs have a tendency of making even higher highs. This style of trade will likely carry with it a higher degree of volatility.

Must-Own Momentum Stock for Summer, 2010: United Airlines

Strategy: Big Money Zacks
Stock: United Airlines, ticker UAUA.

When you think of hot stocks, an airline company probably wouldn't be the first thing that comes to mind. But this stock has been a fantastic performer and looks ready to take off to new heights. With a Zacks #1 Rank (Strong Buy), a projected growth rate of 156%, and an amazingly low Price to Sales ratio of just 0.2%, this stock looks great on so many levels. And it's a top pick on this Momentum Strategy.

2. Aggressive Growth:

Aggressive Growth traders are primarily focused on stocks with aggressive earnings growth or revenue growth (or at least the potential for aggressive growth).

You'll often find smaller-cap stocks in this category. Expect volatility in this style as well.

Must-Own Aggressive Growth Stock for Summer, 2010: Ulta Salon

Strategy: Filtered Zacks Rank 5

Stock: Ulta Salon, ticker ULTA.

They are the largest beauty retailer in the US that provides one-stop shopping for prestige, mass and salon products and services. They have a great growth story and are poised to double their earnings in just the next two years. With big growth rates, big positive earnings surprises, big earnings estimate revisions, and a Zacks #1 Rank (Strong Buy), this is a textbook Aggressive Growth stock and is one of the screen's top recommendations.

3. Value:

Value investors and traders favor good stocks at great prices over great stocks at good prices. However, this does not mean they have to be cheap stocks in price. The key is the belief that they're undervalued. That they are, for some reason, trading under what their true value or potential really is. The value investor hopes to get in before the market 'discovers' this and moves higher.

The value investor will typically need to have a longer time horizon because if that stock has been undervalued, i.e., 'ignored' for a while, it may take a bit of time before that stock gets noticed and makes a move.

Must-Own Value Stock for Summer, 2010: Amerigroup Corp

Style: Value

Strategy: R-Squared EPS Growth

Stock: Amerigroup Corp., ticker AGP. Amerigroup is a multi-state healthcare company. They are a Zacks #2 Rank stock (Buy), and they meet all of the definitions of a classic value style pick. What's more, aside from strong growth rates and low valuations, they just received upward earnings estimate revisions for both the quarter and the full year. This Value Strategy stock looks ready to move.

4. Growth and Income:

Growth and Income investors and traders are looking for good companies with solid revenue that pay a good dividend. Often times these are more mature, larger-cap companies that generate solid revenue. These companies then pass that revenue along to their shareholders in the form of a dividend.

This kind of investor will also have a longer time horizon, especially since you'll want to hang onto your stocks long enough to receive the dividend.

Must-Own Growth and Income Stock for Summer, 2010: Teekay Offshore

Style: Growth and Income

Strategy: Growth and Income

Stock: Teekay Offshore, ticker TOO. Teekay is a publicly traded master limited partnership and is an international provider of marine transportation and storage services to the offshore oil industry. This stock has it all -- Growth (projected 28% growth rate), Income (an 8.96% dividend yield!), great (low) valuations and the coveted Zacks #1 Rank (Strong Buy) which means this dividend paying stock is poised to outperform the market right now.

The identification process also includes determining what you want your stocks to do for you. And what your goals are as a trader:

- **Are you looking to make fast money by getting in and getting out quickly?**
- **Or are you looking to find long-term core holdings?**
- **Or are you somewhere in between?**
- **Is this for your retirement?**
- **Your kid's education?**
- **Will this supplement your income or completely replace it altogether?**

Defining what kind of trader you are is the first step, and it's an important one. Because then you'll be able to find the stocks that are in alignment with who you are and your risk tolerance.

If you find yourself getting into stocks that are not in alignment with your style or beliefs, you'll find yourself dropping those stocks the moment the market hits a rough patch.

Analyze

The second step is to analyze.

No, you don't have to turn yourself into an analyst.

But you do have to search for stocks and analyze which ones fit into your style above.

This is actually the easiest of the three steps. Because once you've identified what kind of trader you are, it's easy to find stocks with those types of characteristics.

Think about the last car you bought. Once you decided what kind of car you wanted, you probably saw them everywhere. They didn't just magically appear on the road. They were always there. You just became aware of them.

In short, once you know what you're looking for, it becomes easier to find. You know what you want. And you also know what you don't want.

This helps cut thru the clutter and frustration of finding the right stocks.

Even the staunchest of value investors might get sucked into buying a high-flying momentum stock with over-priced valuations once in a while. Maybe it's being hyped on TV or one of your friends is in it. But if you know what kinds of stocks are acceptable for you and your style of trade, you can avoid those pitfalls and follow your plan.

The easiest way to search for and analyze stocks is with a stock screener. I personally use the Research Wizard stock-picking and backtesting software. But you can accomplish this with many other products.

The point is, if you use the right tools, you can quickly and easily find just the right stocks you're looking for.

You might also want to look at some proven, profitable trading strategies specifically designed for a particular style. Whether you decide to trade them as a trading strategy or use them as a guide to find the right stocks, you'll be one step closer to becoming a better trader.

Manage

The third and last step is to manage your investments.

Manage my investments? I don't have the time.

Sure you do.

Your investments are probably the largest, most important chunk of money you'll ever be responsible for in your entire life.

Keeping track of your investments doesn't have to be difficult or time consuming. In fact, it shouldn't be. The more difficult something is, the less prone we are to do it.

You just need to know 'how' to manage your investments.

You can stay on top of your portfolio in literally 5-10 minutes a day. Even 5-10 minutes a week if that all you want it to be.

And everyone has at least 5-10 minutes for virtually anything. Especially your investments.

I know in the last year, a lot of people couldn't bear to open up their account statements. 2008 was a brutal year.

But not looking at it didn't make the losses go away. In fact, it likely made it worse.

Think of it this way; if there was a particularly hot summer or drought, your lawn would suffer. But if you committed to watering it more than you usually do, it would likely be ok and make it thru that rough patch.

Likewise, during easy summers, you may not think you need to pay attention to your lawn or landscaping. But you do, even in good times. Weeds can quickly overtake your garden leaving you wondering what happened.

Same thing with your investments.

Managing your investments means getting rid of losers before they ruin your portfolio. Taking profits before you give them back. Making sure the reasons

you bought a stock in the first place still apply. If the stocks you're in now have characteristics that never would have gotten you into that stock in the first place, then it's time to get out and replace it with a new stock that does.

Managing your portfolio is really just about paying attention. That goes for your open positions and stocks you're considering.

Practice, Practice, Practice

No, this is not a Carnegie Hall joke: ('How do you get to Carnegie Hall? Practice, practice, practice').

But the saying holds true.

Whatever you practice consistently, you'll get better at.

Even if it's just a little every day. Or just little every week.

And remember the 3 steps:

Identify, **A**nalyze and **M**anage.

And soon you'll be able to say:

I AM a better trader.

Thanks and good trading.

A handwritten signature in black ink that reads "Kevin Matras". The signature is written in a cursive, flowing style.

Kevin Matras