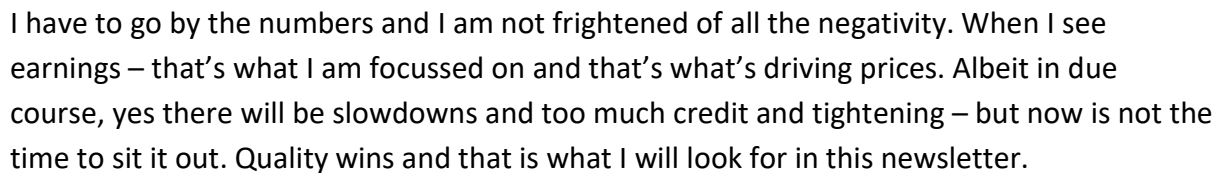


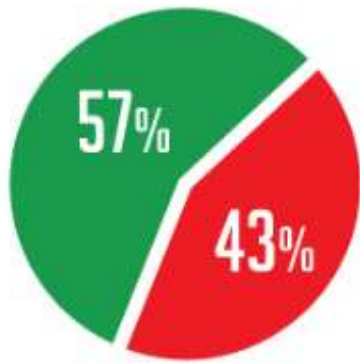


Well the first quarter of the year is already over and it's a strong global start, despite Trump trade war concerns, Chinese growth issues and of course Brexit.

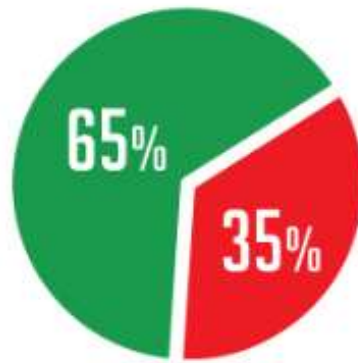


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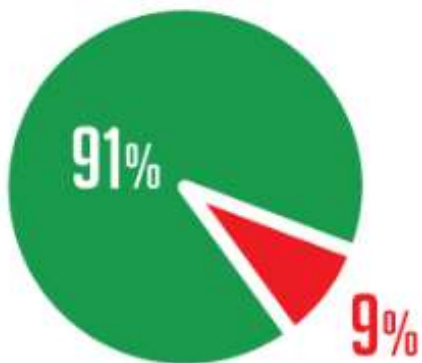
Percentage of positive vs. negative returns
in each year of presidency



FIRST YEAR



SECOND YEAR



THIRD YEAR



FOURTH YEAR

Equities

So many in the FTSE 350 rank at 9 or 8 for value growth. That's a lot of choice. They are growing in the case of exporters because GBP makes it cheaper. They are undervalued due to pessimism being potentially overdone and they pay good income.

No.	Name	Alpesh value/ growth rating
1	Bellway PLC	9
2	Britvic PLC	9
3	Dunelm Group PLC	9
4	Evraz PLC	9
5	Sabre Insurance Group PLC	9
6	Tesco PLC	9
7	Admiral Group PLC	8
8	Amigo Holdings PLC	8
9	Anglo American PLC	8
10	Auto Trader Group PLC	8
11	B&M European Value Retail	8
12	Barratt Developments PLC	8
13	BHP Group PLC	8
14	Big Yellow Group PLC	8
15	Bovis Homes Group PLC	8
16	BP PLC	8
17	Bunzl PLC	8
18	Cineworld Group PLC	8
19	Dechra Pharmaceuticals PLC	8
20	Diageo PLC	8
21	Diploma PLC	8
22	DS Smith PLC	8
23	EI Group PLC	8
24	Ferrexpo PLC	8
25	GlaxoSmithKline PLC	8
26	Grafton Group PLC	8
27	Greencore Group PLC	8
28	Greggs PLC	8
29	Halma PLC	8
30	Hastings Group Holdings PLC	8
31	Hill & Smith Holdings PLC	8
32	Homeserve PLC	8
33	Howden Joinery Group PLC	8
34	Ibstock PLC	8
35	Informa PLC	8
36	Intertek Group PLC	8
37	ITV PLC	8
38	JD Sports Fashion PLC	8
39	KAZ Minerals PLC	8
40	London Stock Exchange Group	8
41	Londonmetric Property PLC	8
42	Marshalls PLC	8
43	Micro Focus International PLC	8
44	Moneysupermarket.com Group	8
45	NewRiver REIT PLC	8
46	PageGroup PLC	8
47	Polymetal International PLC	8
48	Polypipe Group PLC	8
49	Redrow PLC	8
50	Rightmove PLC	8

Those among the small caps are more limited in value growth on our criteria.

No.	Name	Alpesh value/ growth rating	Price% 3 months ago
1	MJ Gleeson PLC	9	10.66
2	4imprint Group PLC	8	33.33
3	Avon Rubber PLC	8	-4.06
4	DFS Furniture PLC	8	28.68
5	Discoverie Group PLC	8	9.89
6	Forterra PLC	8	27.56
7	Fuller Smith & Turner PLC	8	31.61
8	Hollywood Bowl Group PLC	8	-3.96
9	Kainos Group Ltd	8	42.57
10	Medica Group PLC	8	21.27
11	Regional REIT Ltd	8	13.53
12	Ten Entertainment Group P	8	-3.66
13	Topps Tiles PLC	8	23.08
14	Tyman PLC	8	12.61



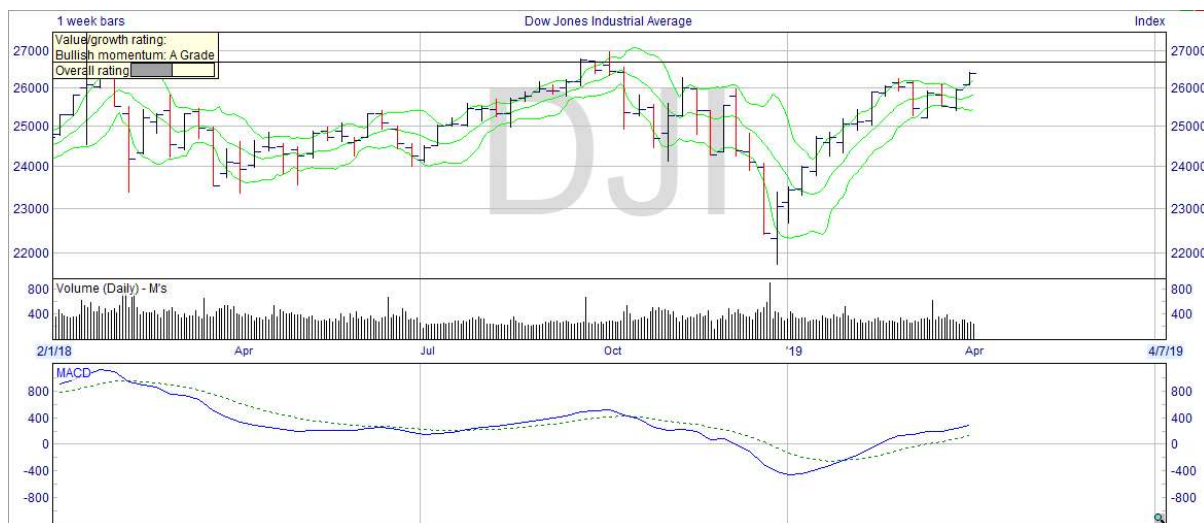
An analysis of US stocks has led me to buy some Cisco and some Fiserv:



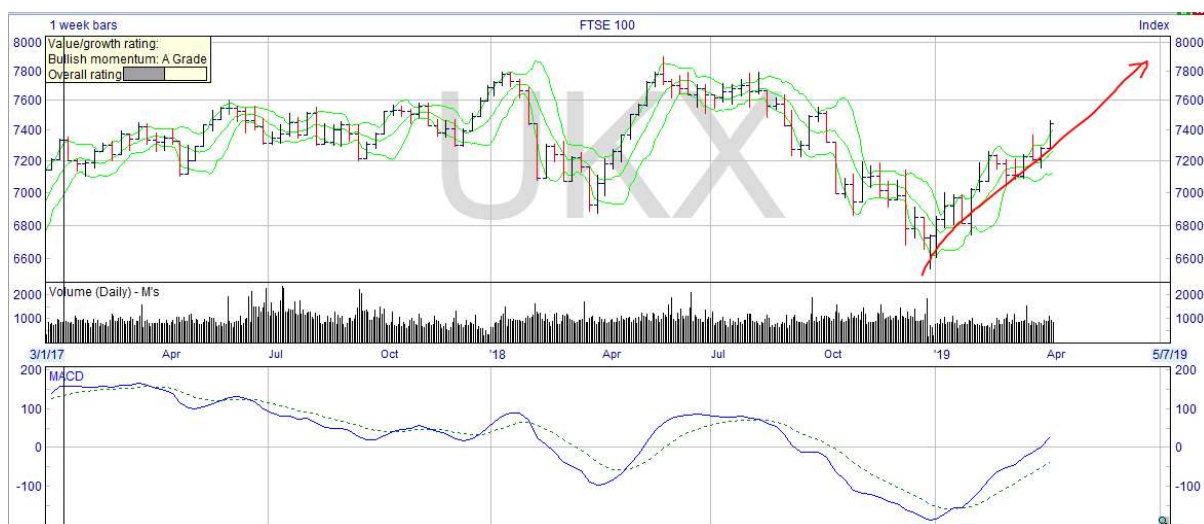
I do find my ratings my first port of call when deciding whether to buy or not and put my money where my mouth is.

No.	Name	Alpesh value/ growth rating	Price% 3 months ago
1	AES Corp	9 ▲	21.31
2	Allegiant Travel Co	9 ▲	23.16
3	A - BHP Group Ltd	9 ▲	14.17
4	Cabot Microelectronics Corp	9 ▲	32.58
5	CDW Corp	9 ▲	25.56
6	Celgene Corp	9 ▲	8.24
7	Central European Media Er	9 ▲	30.65
8	Cisco Systems Inc	9 ▲	26.74
9	Cypress Semiconductor Cor	9 ▲	25.69
10	Deere & Co	9 ▲	5.17
11	DLH Holdings Corp	9 ▲	14.81
12	eBay Inc	9 ▲	26.13
13	Evertec Inc	9 ▲	0.28
14	Griffon Corp	9 ▲	66.98
15	HLS Systems International I	9 ▲	24.39
16	Hoegh LNG Partners LP	9 ▲	11.97
17	Jabil Circuit Inc	9 ▲	24.57
18	KLA-Tencor Corp	9 ▲	36.44
19	Landmark Infrastructure Pai	9 ▲	8.84
20	A - LexinFintech Holdings L	9 ▲	52.04
21	Medical Properties Trust Inc	9 ▲	12.88
22	NMI Holdings Inc	9 ▲	45.51
23	NXP Semiconductor NV	9 ▲	28.40
24	A - Orange SA	9 ▲	5.65
25	QIWI PLC	9 ▲	1.33
26	Quanta Services Inc	9 ▲	24.39
27	Sealed Air Corp	9 ▲	28.41
28	Sunoco LP	9 ▲	10.17
29	TELUS Corp	9 ▲	9.53
30	Victory Capital Holdings Inc	9 ▲	47.50
31	Vipshop Holdings Ltd	9 ▲	42.90
32	Willis Towers Watson PLC	9 ▲	16.71

Indices

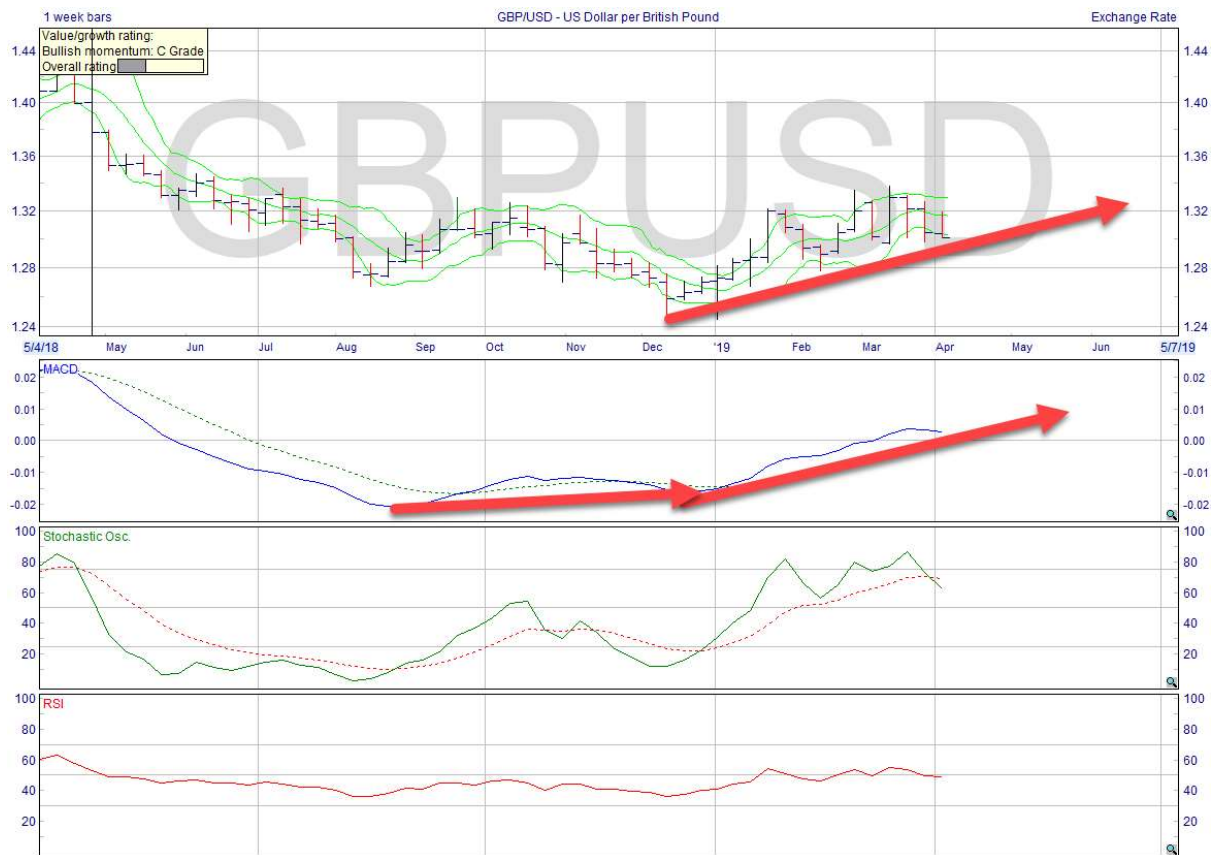


We will make an all time high this year.



Forex

Climbing Pound, creeping slowly.



And for the Euro-GBP – a range and we are at the bottom of it



Personal Thoughts

As the tax year comes to an end, I've been looking for more stocks for my SIPP. So I did a search for stocks performing really well, but with a low P/E still. AZO is now in my SIPP.



And here is why:

AGE	BEN INVESTS:		ARTHUR INVESTS:	
19	2,000	2,240	0	0
20	2,000	4,749	0	0
21	2,000	7,558	0	0
22	2,000	10,706	0	0
23	2,000	14,230	0	0
24	2,000	18,178	0	0
25	2,000	22,599	0	0
26	2,000	27,551	0	0
27	0	30,857	2,000	2,240
28	0	34,560	2,000	4,749
29	0	38,708	2,000	7,558
30	0	43,352	2,000	10,706
31	0	48,554	2,000	14,230
32	0	54,381	2,000	18,178
33	0	60,907	2,000	22,599
34	0	68,216	2,000	27,551
35	0	76,802	2,000	33,097
36	0	85,570	2,000	39,309
37	0	95,383	2,000	46,266
38	0	107,339	2,000	54,058
39	0	120,220	2,000	62,785
40	0	134,646	2,000	72,559
41	0	150,804	2,000	83,506
42	0	168,900	2,000	95,767
43	0	189,168	2,000	109,499
44	0	211,869	2,000	124,879
45	0	237,293	2,000	142,104
46	0	265,768	2,000	161,396
47	0	297,660	2,000	183,004
48	0	333,379	2,000	207,204
49	0	373,385	2,000	234,308
50	0	418,191	2,000	264,665
51	0	468,374	2,000	298,665
52	0	524,579	2,000	336,745
53	0	587,528	2,000	379,394
54	0	658,032	2,000	427,161
55	0	736,995	2,000	480,660
56	0	825,435	2,000	540,579
57	0	924,487	2,000	607,688
58	0	1,035,425	2,000	682,851
59	0	1,159,676	2,000	767,033
60	0	1,298,837	2,000	861,317
61	0	1,454,698	2,000	966,915
62	0	1,629,261	2,000	1,085,185
63	0	1,824,773	2,000	1,217,647
64	0	2,043,746	2,000	1,366,005
65	0	\$2,288,996	2,000	\$1,532,166

Trading Psychology

When I wrote my first book, there was a very good reason I called it 'The Mind of a Trader'. Every one of the 10 leading traders of the world I interviewed for the book told me that psychology was key to success and wealth.

Detachment

Hedge fund manager, Bernard Oppetit, put it this way to me, "Whether I get out at a profit or loss does not matter." And this surprised me. I expected the world's leading traders to be more attached to their results and performance. In fact what was a key characteristic of them all was their detachment to the outcomes of their actions; all were far more focused getting the processes right and concentrating on those.

Detachment was important for another reason. All those I interviewed were at the top of their professions. They were managers and leaders, not just traders. That sense of mental calm was a critical part of their success.

Pat Arbor, Chair of the Chicago Board of trade put it like this, "The trouble with the loss is not only the loss of money but it's the ego."

But detachment also meant, in the opinion of legend David Kyte, "I think the best traders are those who don't read the papers'. These are people detached from broader noise in other words. He would look to see, if the bulls 'running out of steam' and the bears taking over – regardless of what the news might be or what *should* be happening.

Discipline

Linked to detachment, was their discipline. Again, as Oppetit put it, "it takes a lot of patience and energy and motivation". You need to have a sense of discipline for that. But discipline for what? It was discipline in following their processes to get in and out of a trade as per their processes and system, and not deviate. This means not adding to losing trades in the case of all the hedge fund managers I spoke to. It means not making excuses when you know you are suffering a loss and should exit according to your system. It also means not being greedy when you know the profits have run their course.

Key to the psychology was having a systematic approach in mind and following it and ignoring extraneous matters (such as baby needs new shoes) which can play with your mind and seduce you from deviating from your discipline.

As Bill Lipschutz, Global Head of Forex at Salomon Brothers put it, "If most traders would learn to sit on their hands, they would make a lot more money."

Tenacity & Fearlessness & Ambition

Do not think from these psychology traits, that these leading profitable traders are not passionate. Jon Najarian, a floor trader, put it this way, “Unless you are willing to bang your head against the door until you break through, you are not going to make it.” But these is tenacity and pushing your luck too from a psychology view. David Kyte, another legendary floor trader said, “You make your own luck. If you get in at 50, and it goes to 60, 70, 80, you were lucky and that’s also pushing your luck”.

The underlying theme of letting your profits run, not being too fearful either is clear to me. But, Brian Winterflood, who has managed many traders in his life as a City of London legend, noted in the book how important ambition is for success. “You have to have fire in your belly” and yes money is a driver, “in the big environment it was like going to sleep at the coal face, here it is a bit like waking up at a brothel.” His point being you do have to love what you do as a trader to success!

Trade Size

You may think money management and trading strategy and psychology are different. Actually, they are inter-related. Again, what surprised me about the leading traders in the world that I interviewed was that they did not take big risks or big bets. Of course they had lots of capital, but in terms of how much of that was risked on any one trade, it was tiny. This, traders like David Kyte, legendary floor trader, explained was not just in case they were wrong in a trade (they did not try to be right all the time) but also for the psychology – that with less at risk in each trade, it was easier to maintain calm and therefore your discipline, especially when it came to cutting your losses.

Therefore, these leading traders made their lives easier as a result of their trade size rules. They also had the benefit of avoiding therefore big losing trades, which otherwise could easily wreck a good record or month and additionally it also meant that they were not pressuring themselves to be right, because if they were wrong, the loss was small.

It’s these small changes which allowed me, learning from these legends, some of whom became my mentors, to go from a University student to 10 years later a hedge fund manager.

In the words of Bernard Oppetit, “You do not need to risk a lot to profit a lot”.

In the words of Pat Arbor, then Chairman of the world’s largest exchange – the Chicago Board of Trade, “A good trader ends up being one who accumulates capital over a period of time”.

Risk Aversion

The leading traders are well aware trading is about fear and anxiety. “You have to know what it’s like to feel pain, but you can’t be afraid of it.” Said Lipschutz. They had an aversion to risk however. They ensured that they stacked the odds in their favour on any trade using

their methodologies. Most of the traders I met were trend followers (either following trends after a breakout or a reversal).

The way they put the odds in their favour was to ensure that based on their experience of such trades before, they could start small, and if they were wrong, therefore lose small, but if in profit, could add to the winning trade from their profits and so risk their profits to make more, rather than risk too much capital. Capital preservation was the most important thing. Martin Burton, another trading legend, this time out of London, said “I am totally at ease with cutting out a position too early that I am at unease with.”

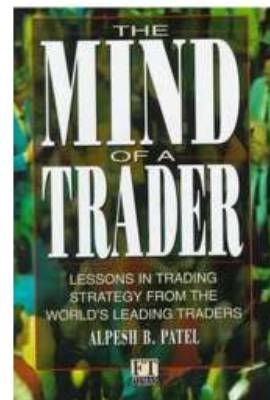
Biases

One of my favourite interviewees was Bill Lipschutz, who was Global Head of Forex at Salomon Brothers so pretty much the largest forex trader in the world. His Chairman was Warren Buffett. I used these interviews as a source of my lectures as a Visiting Fellow in Business and Industry at Corpus Christi College, Oxford University. These were at a time when for the first time the Nobel Committee for the first time recognized the significance of behavioural finance with their prize to Daniel Kahneman.

MY MENTOR FROM MY BOOK: BILL LIPSHUTZ & HIS CHAIRMAN



SALOMON SMITH BARNEY



Your Mind is Your Profit

There are many biases that influence our reasoning. Popular literature recognizes 53 different types of cognitive biases (Hilbert, 2012); however, four of them are particularly important and significantly influence risk calculations and strategic decision making (Das, & Teng, 1999).

These cognitive biases are:

- **Prior hypotheses** and focusing on limited target- this happens when a decision maker brings hypothesis and personal beliefs into decision-making process without previously inspecting the relevant data. Consequently, the decision-maker tends to overlook the information and evidence that can prove the opposite of what he thinks.

This is a major problem for traders because instead of being detached and dispassionate when looking at data, they let their pre-existing trades and losses affect their future decisions.

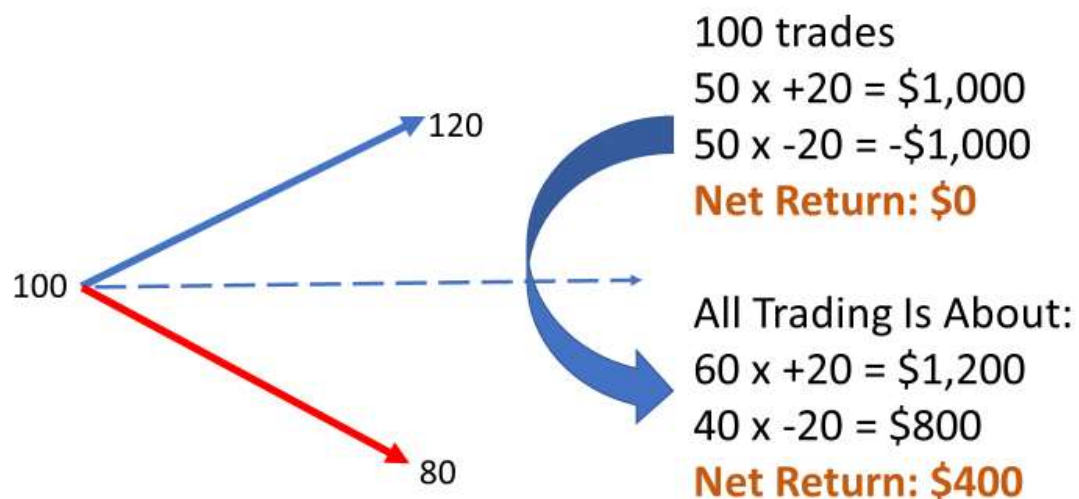
- **Exposure to limited alternatives**- in the situation when data is incomplete, decision makers tend to focus on limited numbers of alternatives because they usually fill in the missing data with intuition instead of trying to get additional information.

Traders here do trades they shouldn't. Instead of waiting for high probability trades, instead they dive in impatiently.

- **Insensitivity to outcome probabilities**- if a manager is influenced more by the value of possible outcomes than by the magnitude of probabilities, he/she will tend to make very risky and hazardous decisions that are not based on statistical calculations of probabilities.

Here the trader thinks how much money he will make, not how likely he is to make it. In trading, all we are trying to do is make small incremental gains, not huge windfalls.

In trading we need high probability trades. In essence we are trying to do this:



- Illusion of manageability- when decision-makers intuitively believe that success is more probable than what statistical models predicted they can become overly optimistic. Consequently, they tend to overlook risks and develop illusion of control in uncontrollable situations. In addition, in these situations, they irrationally think that they can and will solve every possible problem that arose as a result of their decisions (Das, & Teng, 1999).

Personal Activities



My paper review and some advice for my son as we celebrated his birthday, and advice for all APSE users:

Do not burn yourselves out. Be as I am - a reluctant enthusiast.... a part-time crusader, a half-hearted fanatic. Save the other half of yourselves and your lives for pleasure and adventure. It is not enough to fight for the land; it is even more important to enjoy it. While you can. While it's still here. So get out there and hunt and fish and mess around with your friends, ramble out yonder and explore the forests, climb the mountains, bag the peaks, run the rivers, breathe deep of that yet sweet and lucid air, sit quietly for a while and contemplate the precious stillness, the lovely, mysterious, and awesome space. Enjoy yourselves, keep your brain in your head and your head firmly attached to the body, the body active and alive, and I promise you this much; I promise you this one sweet victory over our enemies, over those desk-bound men and women with their hearts in a safe deposit box, and their eyes hypnotized by desk calculators. I promise you this; You will outlive the bastards.

Edward Abbey

