



18 September 2020

Overview

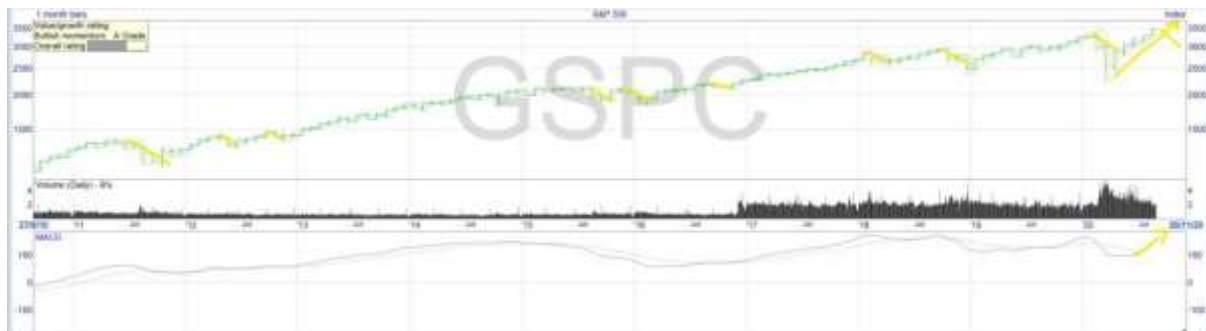
The market rise has been a surprise. The falls are within what was to be expected. I only put it (the rises) at 40% likely back in March. But it happened. And boy am I glad I therefore allowed for the 40% and had a full portfolio (see previous newsletters) loaded with leveraged Amazon, Alphabet, Microsoft, Facebook and Apple.

This is from one of my new apprentices, who started in mid August:

CFDs	Specialists	Profit	Loss	Margin	Available	Equity	Equity Used
		£12,514.28	£21,426.27	£12,003.44	£21,939.11	£33,942.55	35.36%

Positions								Add to workspace	
Market	Size	Opening	Low	Stop	Limit	Profit/Loss			
Microsoft Corp (All Sessions)	+365	210.8966	227.21	Auto stop	Auto limit	US\$4,323.05			Close all
Amazon.com Inc (All Sessions)	+18	3192.1350	3488.01	Auto stop	Auto limit	US\$5,325.75			Close all
Alphabet Inc - A (All Sessions)	+35	1517.4446	1629.53	Auto stop	Auto limit	US\$5,922.99			Close all
Facebook Inc (All Sessions)	+238	286.8850	296.22	Auto stop	Auto limit	US\$6,893.73			Close all
Costco Wholesale Corp	+140	342.6000	347.66	Auto stop	Auto limit	US\$736.76	Market closed		Close all
Apple Inc (All Sessions)	+640	115.0352	132.37	Auto stop	Auto limit	US\$7,627.20			Close all
Total						£21,426.27			

I will explain the strategy outline in the newsletter.



Some slight dips as ever expected, but upwards seems the norm. Dow. I suspect some profit taking is due. No rocket science needed to work that out. BUT, I would not stay out of the market for my 12 month holdings because we could keep rising.

The MACD is a measure of momentum and the pattern to note is it can rise from these levels as it has done and also when it is at the point of it's own moving average on the MACD (dotted line) it often moves sideways before going up

Delighted to say new updated cover coming soon!

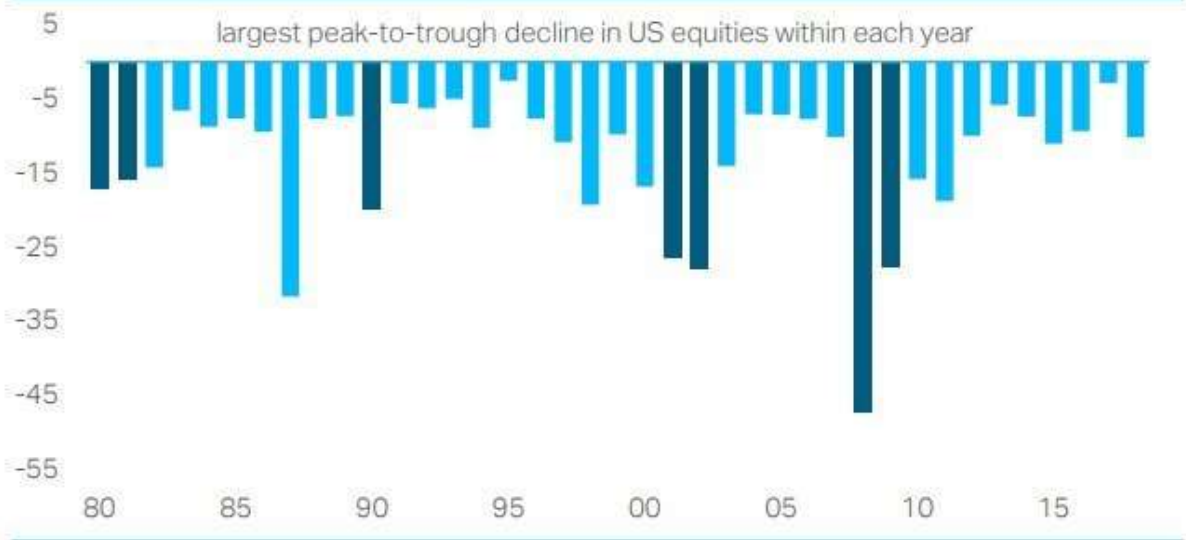


Past performance is no guarantee of future results. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Source: Vanguard.

Market drawdown	Historical Frequency
10%	Every 11 months
15%	Every 24 months
20%	Every four years
30%	Every decade
40%	Every few decades
50%	2-3 times per century

Chart 1: Equity drawdowns are not unusual



Title	Start — End Date	Duration (Trading Days)	% Drop
Black Tuesday / Great Crash*	Sep 16, 1929 — Sept 22, 1954	300 months (7,256 days)	-86%
Nixon Shock / OPEC Oil Embargo	Jan 11, 1973 — Jul 17, 1980	90 months (1,899 days)	-48%
Black Monday**	Oct 13, 1987 — May 15, 1989	19 months (402 days)	-29%
Dot Com Bubble	Mar 24, 2000 — May 30, 2007	86 months (1,808 days)	-49%
Global Financial Crisis	Oct 9, 2007 — Mar 28, 2013	65 months (1,379 days)	-57%
COVID-19 Crash***	Feb 19, 2020 — Ongoing	5 months+ (117+ days)	-34%

Price returns, based on nominal prices

**Black Tuesday occurred about a month after the market peak on Oct 29, 1929*

***The market hit a peak on Oct 13th, prior to Black Monday on Oct 19, 1987*

****As of market close Aug 4, 2020*

"As a trader and financial journalist himself, Alpesh Patel is uniquely qualified to give a behind-the-scenes view of financial markets, and their interaction with the media. This book gives a very intelligent view of the art of investing, and debunks a lot of myths. I recommend it to anyone who is serious about investing."
 —**Bernard Oppetit**, Founder, Centaurus Capital (a \$2billion hedge fund)

"An excellent expose on the flaws of the TV and "McInvestment" industry. It details perfectly why you must examine everything you are told, even by familiar faces, with the scepticism you reserve for used car salesmen. Seasoned traders and new investors alike will learn much from Alpesh Patel's 'no nonsense' guide to the industry."
 —**Philip Hampsheir**, former Bloomberg presenter

"An intriguing book, by one of the savviest traders around. It explores areas like asset allocation and diversification that are often neglected and little understood by the average private investor. Read this book, and you are guaranteed to be a better investor."
 —**Peter Temple**, Financial Times columnist and author

"Great insight from a City maven. If you have money in the market, read this book."
 —**Allison Ellis**, Co-Publisher, TRADERS' Magazine

Many private investors obtain financial information from the media, but this does not enable them to understand the secrets of achieving financial success. As a trader, journalist and broadcaster at the centre of the financial world, Patel reveals where the media meet the market. He explains the lesser-known essentials of outstanding investment practice. This insider's view covers subjects such as asset allocation, diversification, and market neutral trading and risk management. It reveals why some financial products and strategies are better than others and gives a rich and deep understanding of great investing.



Alpesh B. Patel is an international best-selling author of several books, and a professional investor. He is a Financial Times columnist and was Bloomberg Television's award-winning internet and online trading specialist, and co-presenter of "@Bloomberg" and "Bloomberg Money." He is also a Visiting Fellow in Business at Corpus Christi College, Oxford University.

Alpesh is CEO of a Hedge Fund and Private Equity Asset Management company and holds the title of Dealmaker for the UK Government, sourcing outstanding global tech. He is the founder of the Great Investments Programme (www.alpeshpatel.com/shares) and TheEinsteinChallenge.com @alpeshbp

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SECRETS FROM THE INSIDE

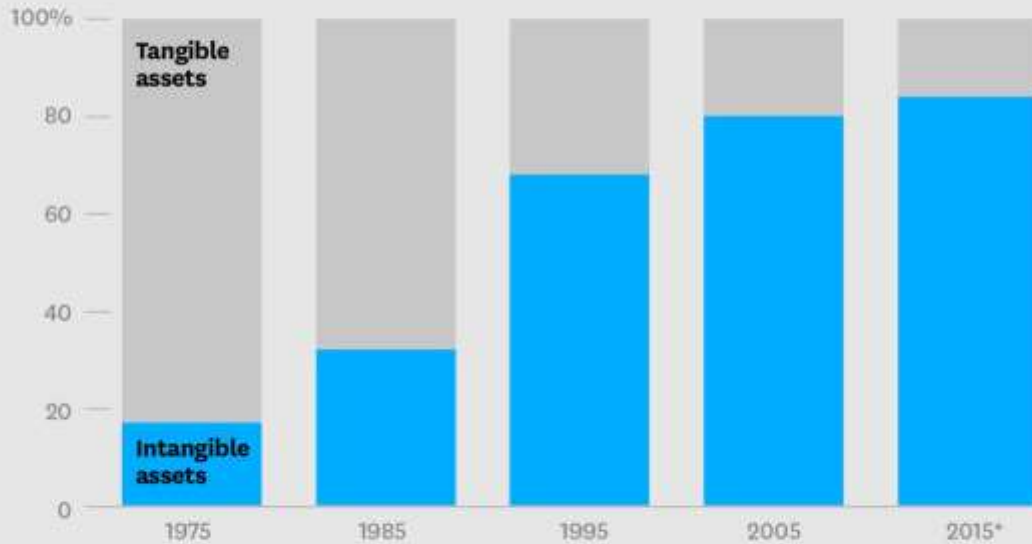
ALPESH B. PATEL



What Drives the Market Value of the S&P 500?

Since 1975, the companies on the S&P 500 have increasingly derived more value from intangible assets—intellectual property, brand awareness, digital platforms, etc.—and less value from traditional physical assets.

PERCENTAGE OF MARKET VALUE



NOTE *AS OF JANUARY 1, 2015
SOURCE OCEAN TOMO
FROM "WHY LEADERS ARE STILL SO HESITANT TO INVEST IN NEW BUSINESS MODELS,"
BY BARRY LIBERT ET AL., DECEMBER 2016

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As the world moved on, a lot of fund managers just never caught up and always underperformed. See above image.

So falls - see this image. But generalities don't tell the whole story.

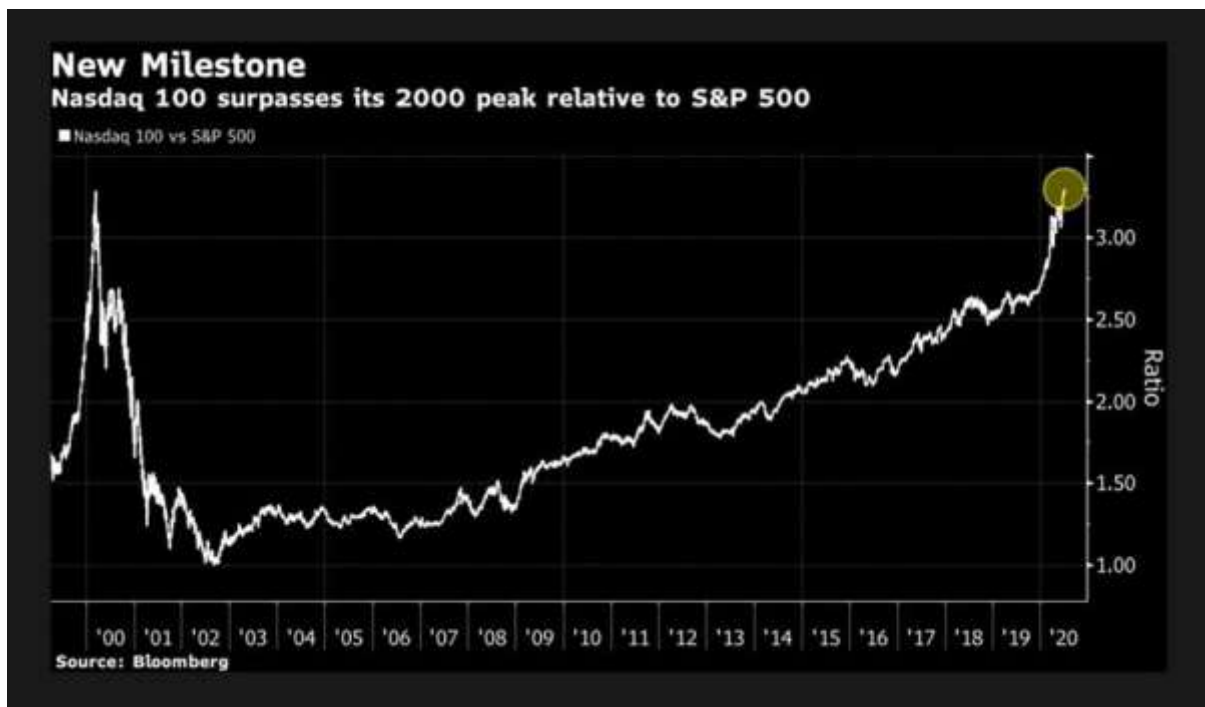


Exhibit 6: US bear markets tend to start with a fall, then bounce within a few months, before the dramatic final fall

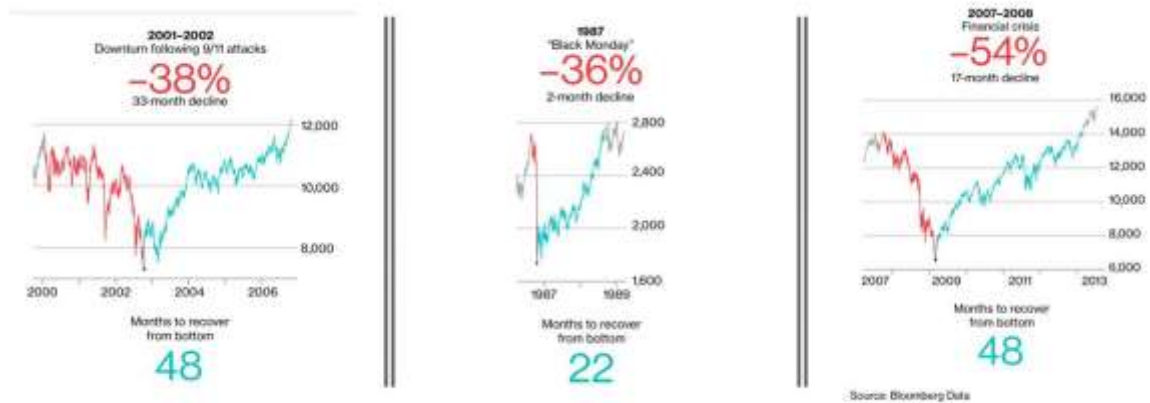
Start 1 st peak	1 st Drop		Bounce		Subsequent drop	
	# Months from 1 st peak	% down from 1 st peak	# Months from 1 st peak	% up from bottom	# Months from 1 st peak	% down from 1 st peak
Dec-61	1.6	-7%	3.0	5%	6.4	-28%
Feb-66	1.1	-7%	2.3	6%	7.9	-22%
Nov-68	3.5	-10%	5.4	8%	17.8	-36%
Jan-73	7.3	-16%	9.0	11%	20.7	-48%
Sep-76	1.6	-8%	3.3	9%	17.4	-19%
Nov-80	2.8	-10%	3.8	8%	20.4	-27%
Aug-87*	0.9	-8%	1.3	6%	3.3	-34%
Jun-90*	0.7	-4%	1.4	5%	4.2	-20%
Jul-98**	-	-	-	-	1.5	-19%
Mar-00	0.7	-11%	5.3	12%	30.5	-49%
Jul-07*	0.9	-9%	2.7	11%	19.6	-56%
Apr-11	1.5	-7%	2.3	7%	5.1	-19%
Median	1.5	-8%	3.0	8%	12.6	-28%
Average	2.1	-9%	3.6	8%	12.9	-32%

* This first peak is not our official 'start date' for the bear market (see Exhibit 3)

** There was no bear market bounce during the 1998 bear market

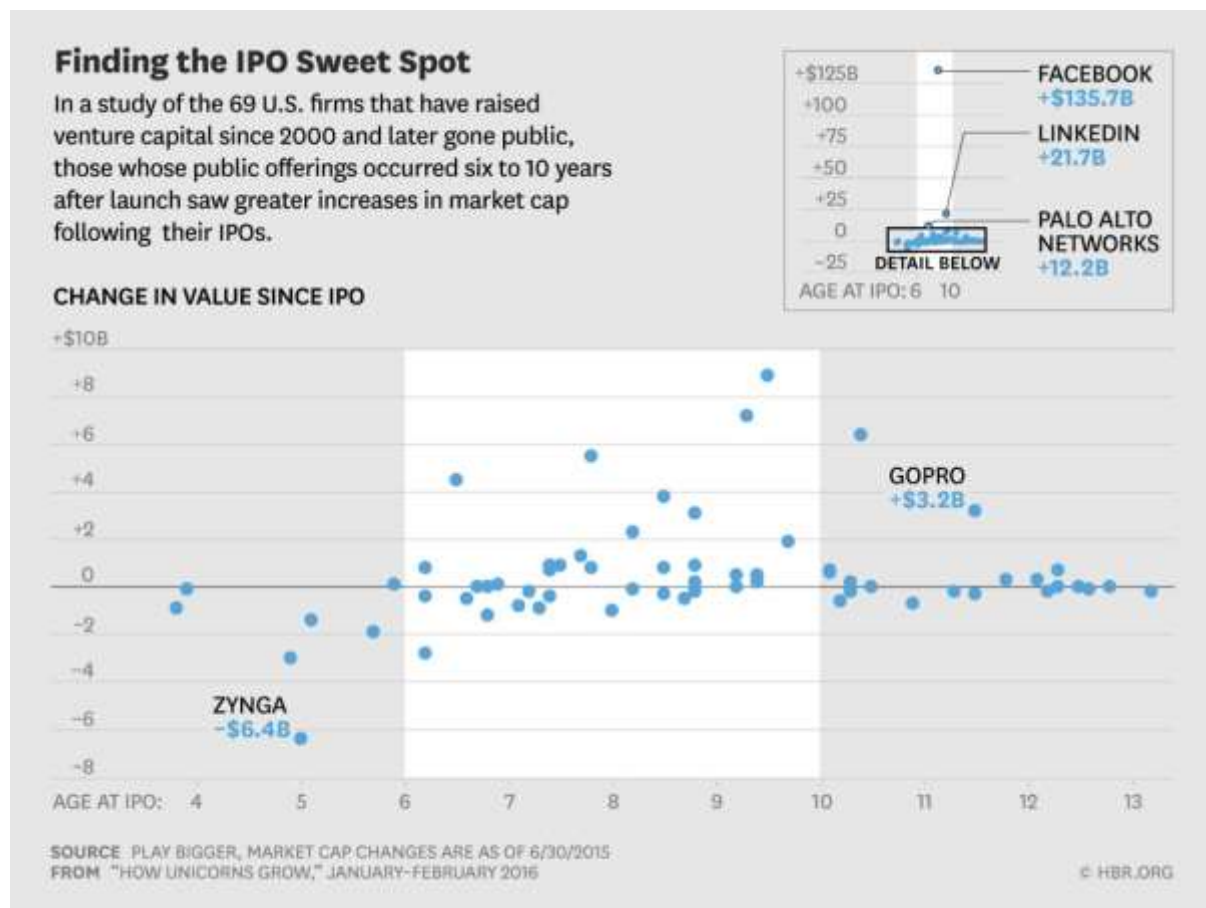
Source: Bloomberg, Goldman Sachs Global Investment Research

We don't have a dramatic fall. This could be the fastest recovery and it looks it.



IPOs

So a lot of IPOs catching everyone's eye. Just wait though. See this:



Where's the Bubble?

Nasdaq-100 shows tech-stock gains are nowhere close to matching 1990s surge

Normalized As Of 07/09/2015 ■ Nasdaq-100 Index ■ Nasdaq-100: March 1995-March 2000



Source: Bloomberg

New Milestone

Nasdaq 100 surpasses its 2000 peak relative to S&P 500

■ Nasdaq 100 vs S&P 500



Source: Bloomberg

I don't just buy ETFs, I cherry pick the best of the stocks they hold.



But I am happy – of course.

We know this is true though



Highest % of Buy Ratings in S&P 500: Top 10 (Source: FactSet)

COMPANY	BUY	HOLD	SELL
Quanta Services, Inc.	100%	0%	0%
Assurant, Inc.	100%	0%	0%
L3Harris Technologies Inc	95%	5%	0%
Intercontinental Exchange, Inc.	95%	5%	0%
Jacobs Engineering Group Inc.	94%	6%	0%
Synopsys, Inc.	93%	0%	7%
Cigna Corporation	92%	8%	0%
Amazon.com, Inc.	92%	6%	2%
Diamondback Energy, Inc.	92%	8%	0%
Alphabet Inc. Class A	91%	9%	0%

A. Lime = 1. Core Holdings (eg FB, AMZN etc) or 2. 7,8,9 rating + Up over past week, 2 week, 3, 6 months.

B. Orange = What I own

C. Yellow = What are 7,8,9 and do not show crazy high overbought momentum, ie could rise more. DOES NOT MEAN SELLING EXISTING HOLDINGS.

No.	Name	Price% 5 trading days ago	Price% 2 weeks ago	Price% 6 months ago	Price% 3 months ago	Alpesh value/growth rating
52	Comcast Corp Cl A	▲ 2.03	▲ 1.98	▲ 4.69	▲ 11.84	5
53	Analog Devices Inc	▲ 2.00	▲ 1.08	▲ 4.94	▲ 6.93	5
54	Maxim Integrated Products I	▲ 1.97	▲ 0.29	▲ 22.16	▲ 20.78	4
55	Copart Inc	▲ 1.91	▲ 2.45	▲ 15.92	▲ 16.03	7
56	CSX Corp	▲ 1.84	▲ 0.51	▲ 0.13	▲ 4.53	5
57	CoStar Group Inc	▲ 1.75	▲ 2.06	▲ 23.36	▲ 26.76	6
58	NetApp Inc	▲ 1.74	▼ -2.47	▼ -12.93	▼ -6.49	3
59	Take-Two Interactive Softwa	▲ 1.60	▲ 4.33	▲ 60.22	▲ 34.71	8
60	Monster Beverage Corp	▲ 1.57	▲ 1.60	▲ 27.46	▲ 21.68	7
61	eBay Inc	▲ 1.51	▲ 5.57	▲ 59.66	▲ 35.10	7
62	Pepsico Inc	▲ 1.48	▲ 0.49	▼ -2.47	▲ 6.72	6
63	Cognizant Technology Solu	▲ 1.29	▲ 1.15	▲ 7.06	▲ 27.21	6
64	Electronic Arts Inc	▲ 1.25	▲ 2.67	▲ 34.81	▲ 23.14	7
65	Intuitive Surgical Inc	▲ 1.24	▲ 2.47	▲ 25.11	▲ 24.75	6
66	IDEXX Laboratories Inc	▲ 1.18	▲ 0.31	▲ 48.78	▲ 32.73	7
67	VeriSign Inc	▲ 1.14	▲ 1.60	▲ 6.46	▲ 0.14	5
68	Costco Wholesale Corp	▲ 0.99	▲ 2.23	▲ 12.62	▲ 12.95	7
69	T-Mobile US Inc	▲ 0.91	▲ 0.82	▲ 24.07	▲ 21.58	7
70	Cisco Systems Inc	▲ 0.91	▼ -12.16	▲ 0.21	▼ -5.78	4
71	KLA-Tencor Corp	▲ 0.80	▲ 2.03	▲ 44.11	▲ 20.15	8
72	Exelon Corp	▲ 0.69	▼ -3.71	▼ -20.78	▼ -0.86	4
73	Check Point Software Techn	▲ 0.68	▲ 3.19	▲ 24.40	▲ 19.79	6
74	Automatic Data Processing I	▲ 0.51	▲ 0.02	▼ -16.06	▲ 0.50	6
75	Charter Communications Inc	▲ 0.47	▲ 2.66	▲ 18.63	▲ 20.53	7
76	Skyworks Solutions Inc	▲ 0.46	▼ -3.29	▲ 37.47	▲ 21.23	6
77	Vertex Pharmaceuticals Inc	▲ 0.45	▲ 0.16	▲ 16.92	▲ 1.80	7
78	MercadoLibre Inc	▲ 0.29	▲ 9.38	▲ 92.36	▲ 45.76	5
79	Fastenal Co	▲ 0.15	▼ -0.10	▲ 33.73	▲ 21.07	8
80	Illumina Inc	▲ 0.06	▲ 2.74	▲ 28.71	▼ -0.24	5
81	Gilead Sciences Inc	▼ -0.15	▼ -4.71	▼ -12.18	▼ -10.36	6
82	Align Technology Inc	▼ -0.27	▼ -2.36	▲ 32.15	▲ 21.30	5
83	Biogen Idec Inc	▼ -0.29	▼ -4.79	▼ -14.74	▼ -5.64	5
84	Kraft Heinz Co	▼ -0.34	▼ -0.06	▲ 37.71	▲ 16.86	4
85	Ross Stores Inc	▼ -0.44	▼ -4.48	▼ -24.61	▼ -5.01	5
86	Verisk Analytics Inc	▼ -0.44	▼ -2.11	▲ 13.99	▲ 16.17	5
87	Western Digital Corp	▼ -0.45	▼ -6.71	▼ -42.48	▼ -23.91	3
88	Microchip Technology Inc	▼ -0.45	▲ 5.43	▲ 13.57	▲ 14.68	6
89	Sirius XM Radio Inc	▼ -0.68	▼ -4.27	▼ -14.14	▲ 6.39	4
90	O'Reilly Automotive Inc	▼ -0.72	▼ -0.17	▲ 22.51	▲ 15.93	7
91	CDW Corp	▼ -0.73	▼ -4.67	▼ -10.95	▲ 2.93	6
92	PACCAR Inc	▼ -1.41	▼ -3.83	▲ 25.14	▲ 19.75	7
93	Cerner Corp	▼ -1.45	▼ -1.90	▼ -1.41	▲ 5.94	4
94	DexCom Inc	▼ -1.66	▼ -0.51	▲ 52.99	▲ 11.50	4
95	Seattle Genetics Inc	▼ -2.05	▼ -2.71	▲ 37.79	▲ 1.81	4
96	Xcel Energy Inc	▼ -2.08	▼ -4.69	▼ -0.32	▲ 11.58	4
97	BioMarin Pharmaceutical Inc	▼ -2.38	▼ -36.54	▼ -17.90	▼ -27.81	2
98	Fiserv Inc	▼ -2.49	▼ -0.03	▼ -13.23	▼ -6.94	4
99	Incyte Corp	▼ -2.62	▼ -0.50	▲ 20.24	▼ -5.00	5
100	Regeneron Pharmaceuticals	▼ -2.80	▼ -0.05	▲ 33.65	▲ 12.25	6

No.	Name	Price% 5 trading days ago	Price% 2 weeks ago	Price% 6 months ago	Price% 3 months ago	Alpesh value/growth rating
1	Facebook Inc	▲ 15.74	▲ 16.94	▲ 54.11	▲ 30.88	6
2	Tesla Inc	▲ 14.62	▲ 38.49	▲ 176.48	▲ 162.94	5
3	Adobe Inc	▲ 14.39	▲ 18.67	▲ 50.42	▲ 40.32	7
4	Netflix Inc	▲ 13.00	▲ 15.16	▲ 44.38	▲ 32.01	7
5	Workday Inc	▲ 11.73	▲ 19.84	▲ 21.82	▲ 26.90	5
6	Splunk Inc	▲ 10.89	▲ 13.83	▲ 38.48	▲ 19.65	5
7	Synopsys Inc	▲ 10.87	▲ 13.09	▲ 54.72	▲ 30.40	7
8	ID.com Inc	▲ 10.78	▲ 27.79	▲ 101.35	▲ 52.81	5
9	Intuit Inc	▲ 10.24	▲ 12.33	▲ 22.22	▲ 21.31	7
10	Appie Inc	▲ 9.35	▲ 11.96	▲ 72.93	▲ 59.79	5
11	Expedia Group Inc	▲ 8.47	▲ 9.38	▼ -6.01	▲ 14.84	5
12	A - NetEase Inc	▲ 8.05	▲ 8.32	▲ 48.62	▲ 33.05	7
13	Zoom Video Communicati	▲ 7.96	▲ 24.73	▲ 176.26	▲ 80.04	7
14	O - Alphabet Inc	▲ 6.78	▲ 9.68	▲ 18.60	▲ 16.61	6
15	Alphabet Inc	▲ 6.44	▲ 9.08	▲ 18.24	▲ 15.67	7
16	Starbucks Corp	▲ 6.16	▲ 3.93	▲ 2.16	▲ 5.98	5
17	Advanced Micro Devices Inc	▲ 6.08	▲ 4.13	▲ 81.13	▲ 61.72	7
18	PayPal Holdings Inc	▲ 5.74	▲ 6.36	▲ 86.49	▲ 38.42	7
19	Lululemon Athletica Inc	▲ 5.73	▲ 10.47	▲ 59.92	▲ 35.57	6
20	O - Liberty Global PLC Clas	▲ 5.70	▲ 4.77	▲ 16.48	▲ 11.02	2
21	Booking Holdings Inc	▲ 5.63	▲ 3.26	▲ 11.25	▲ 6.88	7
22	Amazon.com Inc	▲ 5.56	▲ 8.85	▲ 73.87	▲ 42.12	7
23	Microsoft Corp	▲ 5.46	▲ 5.72	▲ 29.96	▲ 21.80	8
24	NVIDIA Corp	▲ 5.23	▲ 11.65	▲ 90.89	▲ 46.52	5
25	Liberty Global PLC Class A	▲ 5.12	▲ 4.11	▲ 13.55	▲ 11.76	2
26	Fox Corp	▲ 5.03	▲ 8.95	▼ -17.20	▼ -6.48	5
27	Fox Corp	▲ 4.75	▲ 7.70	▼ -16.20	▼ -5.04	4
28	QUALCOMM Inc	▲ 4.50	▲ 0.22	▲ 45.67	▲ 48.73	9
29	Dollar Tree Inc	▲ 4.50	▲ 5.07	▲ 18.79	▲ 22.35	7
30	Amgen Inc	▲ 4.03	▲ 3.50	▲ 16.61	▲ 12.49	5
31	A - Baidu Inc/China	▲ 3.88	▲ 1.08	▲ 3.18	▲ 17.64	7
32	Cadence Design Systems Inc	▲ 3.81	▲ 5.02	▲ 63.57	▲ 32.54	7
33	Ansys Inc	▲ 3.74	▲ 7.48	▲ 22.68	▲ 23.24	7
34	Marriott International Inc Cl	▲ 3.60	▲ 1.41	▼ -18.98	▲ 2.59	4
35	Ulta Beauty Inc	▲ 3.47	▲ 1.37	▼ -19.06	▼ -7.24	6
36	Broadcom Inc	▲ 3.18	▲ 1.81	▲ 18.82	▲ 20.44	8
37	NXP Semiconductor NV	▲ 3.05	▲ 2.10	▲ 6.75	▲ 25.02	6
38	Activision Blizzard Inc	▲ 3.05	▲ 3.39	▲ 42.29	▲ 20.69	5
39	Docusign Inc	▲ 2.98	▲ 10.92	▲ 156.53	▲ 66.27	5
40	ASML Holding NV	▲ 2.93	▲ 2.96	▲ 34.79	▲ 20.65	6
41	Texas Instruments Inc	▲ 2.87	▲ 2.75	▲ 19.92	▲ 23.09	5
42	A - Trip.com Group Ltd	▲ 2.84	▼ -2.59	▼ -5.45	▲ 9.83	5
43	Mondelez International Inc	▲ 2.82	▲ 4.16	▲ 2.64	▲ 17.69	5
44	Autodesk Inc	▲ 2.81	▲ 7.19	▲ 30.18	▲ 24.40	6
45	Citrix Systems Inc	▲ 2.70	▲ 5.71	▲ 35.10	▲ 3.84	6
46	Alexion Pharmaceuticals Inc	▲ 2.56	▲ 1.48	▲ 10.04	▲ 1.46	7
47	Xilinx Inc	▲ 2.53	▼ -1.00	▲ 27.09	▲ 18.85	5
48	Intel Corp	▲ 2.52	▲ 0.73	▼ -16.93	▼ -20.52	7
49	Cintas Corp	▲ 2.34	▲ 1.89	▲ 14.81	▲ 28.97	6

The strategy I promised to explain at the start of this newsletter:



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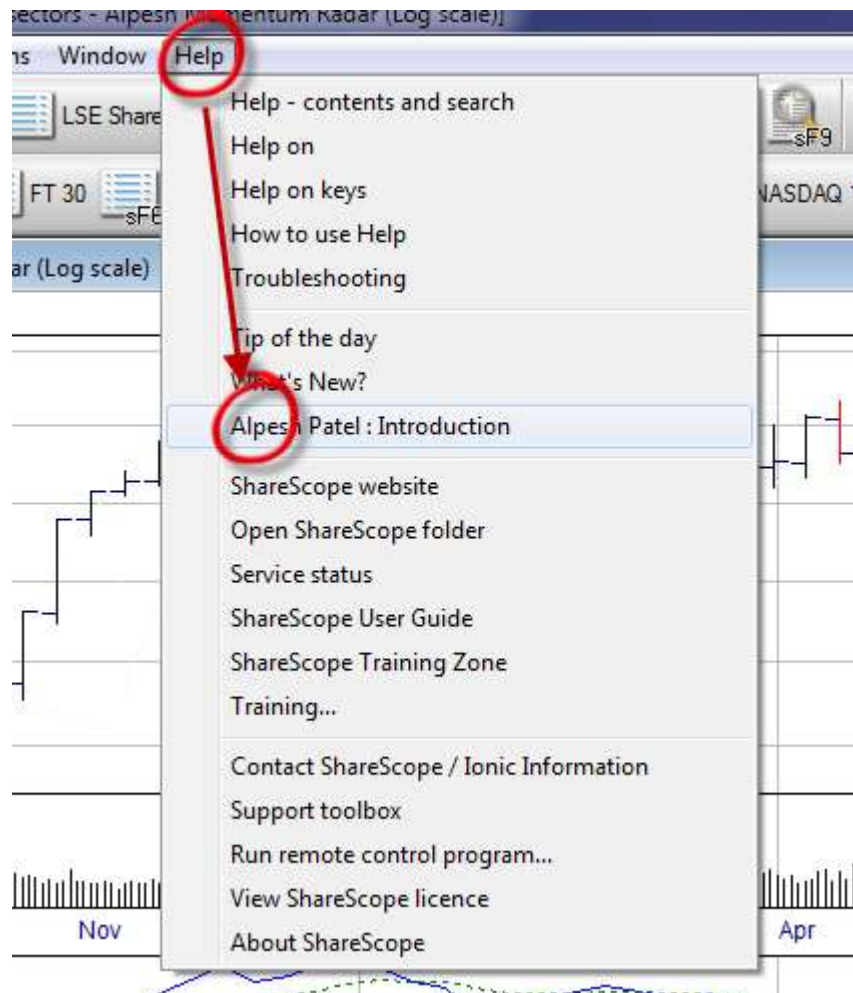


alpeshp1 Where will Microsoft share price be? Useful analysis to work out with your capital how much leverage is sensible on say CFDs. So on basis only 5 percent chance will drop more than 30percent you may reason that if you use say 10k to buy CFDs to control 100k of notional value Microsoft stock then were it to fall 30 percent you better have an additional 20k at hand. Were it to rise 30 percent you would make 30k on a 10k capital. High risk strategy. FYI. I will elaborate more on www.alpeshpatel.com/shares

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