

VectorVest 7 Premium

Part 2: RealTime Derby, ProfitLocker Pro, RoboTrader, and WatchDog

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System requirements: Microsoft Windows 10 with high-speed internet. Mac users: Cloud-based Parallels client provided by VectorVest.

Pricing plans: \$69/mo. for “Basic” end-of-day service; \$99/mo. for “Enhanced” streaming 15-minute delay; \$149/mo. for “Premium” real-time version.

by Leslie N. Masonson

Last month in part 1 of my review of VectorVest 7 Premium, I focused on two of the three most important questions for traders and investors: “when to buy” and “what to buy.” I’ll briefly review the key points from part 1. First and foremost, market timing is placed front and center, as it is the foundation of the VectorVest methodology. Using VectorVest’s Daily Color Guard in conjunction with a handful of VectorVest’s time-dependent market timing systems, the user can select the appropriate timer that meets his risk tolerance when buying a portfolio of stocks that have a high probability of making money.

The significance and weights assigned to three key data points—relative value, relative safety, and relative timing—were covered, as was their combination, called the “VST” master indicator. Many of the program’s users simply invest in the top VST-ranked stocks, since those stocks can be considered the cream of the crop among the 9,000 stocks

in the database.

The “Primary Wave” is the fastest timing system, whereas the “Confirmed Call” is the slowest. I reviewed both of these in backtests with the QQQ, comparing their results to a simple QQQ buy-and-hold strategy. The next topic covered was “what to buy.” The UniSearch tool with over 400 predetermined strategies was explored using a few VST-oriented searches that ranked the top stocks. Then one specific search was used with four of the market timers to show the outperformance over a simple buy-and-hold approach. Lastly, the power of the Stock Viewer tool was studied with a few of the strategies that could easily be downloaded to a watchlist or a portfolio for further analysis.

That brings us to the crux of part 2 of this review, which is to answer the third question of “when to sell.” By far, investors find this question the most difficult to answer. Here, I’ll provide several ways the question could be answered in a realistic manner. Before delving into that subject, I first wanted to explore the RealTime Derby tool that was built for active self-directed traders. Moreover, we will see that combining the Derby results with the BackTester using

varied stop criteria will provide a way to protect profits.

REALTIME DERBY FOR ACTIVE TRADING

If you’ve been to a horse race, then you know the thrill you experience, as horses fly around the track to try to take the lead and finish first. That is reflected in the RealTime Derby’s screen, where all the strategies begin the race at the market open, vying for a top finish. The RealTime Derby (Figure 1) is an exceptionally powerful tool (\$99/mo. add-on) specifically designed for day and swing traders. It provides the top-performing intraday stock portfolio candidates for possible selection and purchase. By clicking on the *help* button, new users can quickly orient themselves to the RealTime Derby’s capabilities by accessing two instructional resources: Derby Quick Start Guide (16-page PDF) and Derby Tour Video (16-minute video), both covering all the RealTime Derby features.

Each day, the RealTime Derby ranks the same pre-set group of 178 of 400 UniSearch strategies. This encompasses 146 bullish and 32 bearish (short) searches. Each one contains a 10-stock portfolio that changes value



FIGURE 1: REALTIME DERBY, SEPTEMBER 10, 2021. Here, the top UniSearch strategies are arrayed by percentage gain at the end of the day. These rankings and percentages change during the day.

throughout the day and is ranked from highest to lowest percent gain in real time. The top-performing stocks in each search are determined at the close of business the night before, and the next morning they are all tracked in “Today’s Derby” mode from the pre-market open at 9:30 am EST or from the prior close, depending on the user’s preference.

Each strategy’s portfolio does not change during the day. Once the market opens or during the pre-market hours, the user can view the RealTime Derby to see which strategies are the leaders, meaning the strongest price performers, as well as view all the stocks in any strategy’s portfolio. Unfortunately, users do not have the option of adding a custom strategy to the RealTime Derby. That would be a welcomed enhancement in the future, if it is programmable.

Derby strategies are displayed on a tote board similar to that at a racetrack. Each horizontal bar represents a specifically named UniSearch strategy with a bullish or bearish designation, including its performance at that moment in time. Positive-performing searches have a green bar or a red bar if negative. During the day, the bar lengths change based on the portfolio’s performance. And as the day progresses, searches move higher or lower in ranking as the screen refreshes.

By clicking on any bar, such as the one for “No Mo MoJo,” its list of 10 stocks appears (Figure 2). That strategy’s rules and a chart of that day’s performance are both a mouse click away. Also, with another click, the stocks on the list can be placed in a QuickFolio for further review.

This bearish search looks for stocks that are the most overbought and have a negative earnings per share, but eliminates inverse ETFs from appearing in the results. The specific search parameters are straightforward and

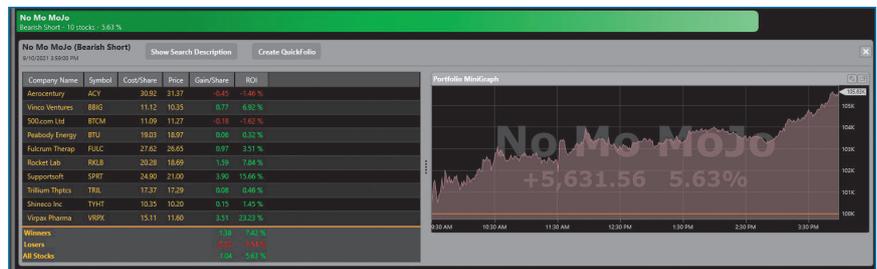


FIGURE 2: NO MOMOJO STRATEGY PORTFOLIO. The third best strategy’s portfolio and performance, and the chart for the day’s trading is provided. The numbers change throughout the trading day.

basic. The stock price is set at greater than \$10, the average daily volume needs to exceed 100,000 shares, earnings per share is less than \$0, no inverse ETFs are permitted, only stocks listed on major exchanges, and no “contra” ETFs (a special list of ETFs that don’t necessarily move contrary to the market, like currency pairs and VIX futures) are permitted. Its portfolio of 10 stocks was up a whopping 5.63% for the day on September 10, 2021 with Virpax Pharma up 23.2% and SupportSoft up 15.7% from the market opening price.

RealTime Derby settings

What makes the Derby so helpful? It is the user-controlled functions that are incorporated on the left side, labeled *settings* in Figure 1, as well as the inclusion of summary bullish and bearish data points. The *analysis mode* can be changed from “today’s derby” (default) to other choices including daytrading, buy & hold, vary the start date, and sliding window. The *entry price* choice is either the prior day’s close or today’s market open. The latter coupled with a *tool* setting of “use extended hours” will provide pre-market performance bar changes and continue as the market opens.

Moreover, *price* can limit stocks in a portfolio to greater than \$2 or \$5 or \$10 or just left open-ended with the “all” choice, meaning that all stocks are considered irrespective of their price. Leaving the setting at “all” will automatically include stocks

of \$1 or more, which may not be of interest to many traders for multiple reasons. I found that when I used the setting of >\$10, I knocked out 10 to 20 searches, since they had specific price parameters for lower-priced stocks. The *avg volume* refers to the average daily volume for each stock in the portfolio and has three options: >250,000, >500,000 or “all.” The *minimum number of stocks* is defaulted to 10 but can be set by the user to any number between 1 to 10. Users looking for more than 10 stocks are out of luck. However, requiring more than 10 stocks would rarely be needed for short-term traders.

To fine-tune the number of searches displayed, the “% Winners (AVG)” box can be left unchecked, which is the default, or you can set to a high number such as 75%–90% to bring the searches with the largest number of portfolio winners to the top. This high setting will usually result in just a handful of outcomes. For example, I played around with this number and found that the number of searches shown is heavily dependent on the percentage chosen, if any. For example, on August 30, 2021, from the market open with a 100% embedded in the box (meaning all 10 stocks in the portfolio were winners), only two searches appeared: a 90% setting had six outcomes, while a 75% value had 13 outcomes.

To further refine the number of searches displayed, the “deltas positive” box can be checked. In this case, only strategies with a positive percent

change for all seven timeframes in the Derby Spreadsheet View (Figure 3) will be shown (this view will be explained below in the section titled “The Two Other Derby Views”). On a big up day, there will most likely be many searches meeting that criterion, while on mixed market or choppy days, the number of searches found will be less robust.

The *Derby Timing Indicator* (DTI) is proprietary and provides a quick view of the market’s bullish or bearish trend on a 0 to 2 measurement scale. A reading above 1 is favorable and vice versa, while the bullish and bearish measurements are independent of each other. The DTI monitors each price and volume filter including the change in the Dow Jones Industrials, S&P 500, Nasdaq Composite, VectorVest Composite (VECTORVESTC), as well as the advance/decline ratio.

A DTI level above 1.2 in either case provides an indication that bullish or bearish strategies, respectively, are in favor and that equities can be purchased or sold short. On big up or down days, the bullish DTI can hit 1.8 or higher, or vice versa. On range-bound days, the DTI will meander around 1 for both sides of the market. For example, around 1:30 pm on August 29, 2021, the *DTI bullish* reading was 1.98 with the *DTI bearish* reading at 0.17, quite a significant difference. At that time, the Dow Jones Industrial Average was up 261 points, the S&P 500 was up 42 points, and the Nasdaq Composite was up 187 points.

Lastly, in the *summary* section, the actual number of winning bullish or bearish strategies on the tote board is shown, which indicates the market’s performance at that moment in time. It is possible for the percentage of bullish or bearish winners to be equal to each other or tilted to one direction mildly or strongly. For example, on

Name	Type	# Stocks	% Winners (Avg)	% G/L	\$ Day Total % G/L	\$ Min G/L Delta	10 Min G/L Delta	15 Min G/L Delta	20 Min G/L Delta	30 Min G/L Delta
Vem's Vultures	Short	10	100%	7.14%	12.96%	0.26%	0.62%	0.82%	0.89%	1.02%
Price-Volume Winners SC	Long	10	60%	6.10%	3.26%	1.53%	1.62%	1.44%	1.01%	0.58%
No Mo Molo	Short	10	80%	5.63%	13.12%	0.44%	0.62%	0.80%	0.80%	0.96%
Worst Performing Contra ETFs - C/Dn	Long	10	90%	4.01%	6.26%	0.08%	0.33%	0.54%	0.58%	0.86%
Buying Contra ETFs	Long	10	90%	3.50%	5.04%	0.04%	0.26%	0.46%	0.48%	0.75%
Mini Rockets Short	Short	10	100%	3.08%	3.00%	0.08%	0.34%	0.19%	0.39%	0.57%
Daily Boomers - VST	Long	10	50%	2.91%	6.92%	0.84%	1.19%	1.04%	0.63%	0.10%
Doug's Downers Supercharged	Short	10	100%	2.74%	7.03%	0.01%	0.27%	0.18%	0.25%	0.42%
Downhill Racers	Short	10	70%	2.34%	2.30%	0.01%	0.37%	0.37%	0.34%	0.50%
Pirates - Short	Short	10	90%	2.20%	4.70%	0.09%	0.39%	0.33%	0.59%	0.57%
Flocks of Stocks Heading Down	Short	10	80%	2.14%	4.93%	0.01%	0.24%	0.32%	0.29%	0.39%
Sinking Sectors	Short	10	80%	1.96%	0.89%	0.02%	0.22%	0.31%	0.30%	0.28%
Seto's Sinkers	Short	10	90%	1.56%	2.70%	0.02%	0.19%	0.14%	0.18%	0.35%

FIGURE 3: DERBY DELTA POSITIVE. Only searches with positive return during all the timeframes measured are shown. Changes noted throughout the day are a clue to changing market direction.

Bullish searches						Bearish searches					
Name	Type	# Stocks	% Winners (Avg)	% G/L	\$ Day Total % G/L	Name	Type	# Stocks	% Winners (Avg)	% G/L	\$ Day Total % G/L
Price-Volume Winners SC	Long	10	60%	6.10%	3.26%	Vem's Vultures	Short	10	100%	7.14%	12.96%
Mini Rockets Long H	Long	10	40%	4.27%	1.73%	No Mo Molo	Short	10	80%	5.63%	13.12%
Marathon	Long	10	80%	3.44%	1.86%	Ballistic New High-Short	Short	10	80%	5.43%	2.50%
Daily Boomers - VST	Long	10	50%	2.91%	6.92%	Worst Performing Contra ETFs - C/Dn	Long	10	90%	4.01%	6.26%
Cash Cows	Long	10	50%	1.88%	2.43%	Buying Contra ETFs	Long	10	90%	3.50%	5.04%
Power Play Double Up	Long	10	30%	1.73%	2.21%	Mini Rockets Short	Short	10	100%	3.08%	3.00%
Shooting Stars	Long	10	40%	1.48%	1.23%	Doug's Downers Supercharged	Short	10	100%	2.74%	7.03%
Price and Volume Winners	Long	10	60%	1.46%	1.15%	Show Me the Money Short	Short	10	90%	2.49%	5.24%
MACD & Stochastics Killer Crossover	Long	10	30%	1.43%	0.71%	Doug's Downers	Short	10	100%	2.46%	7.37%
AC's Percent Price Poppers - RT Desc	Long	10	30%	1.38%	1.87%	Short Sellers	Short	10	70%	2.41%	1.18%
Leaping Lizards	Long	10	50%	1.38%	1.68%	Stocks to Sell Short	Short	10	90%	2.36%	5.37%

FIGURE 4: DERBY PARTIAL SPLIT VIEW. The top bullish and bearish strategy results are shown separately. The tenor of the market can be observed by which category has the largest percent changes.

a big down day, 100% of the bearish strategies could be winners, while 100% of the bullish searches could be losers, and vice versa. By viewing the *summary* throughout the day, the market’s underlying health can be assessed and positions closed out if the market and the long portfolio components are both moving down.

Two other Derby views

In addition to the normal Derby view, there are two other viewing choices: *split view* and *spreadsheet view*. The former provides a simultaneous two-screen view (Figure 4) with bullish searches on the left and bearish ones on the right, all in performance order at that moment in time. Information provided includes name of search, percentage of winners, percent gain or loss for the day, 5-day total gain or loss (user changeable via the *application settings tool*), and then percent change in the portfolio value for the last 5, 10, 15, 20 and 30 minutes (user changeable). Any of these columns can be sorted from high to low with a mouse click.

These intraday numbers change throughout the day. If they are all green and remain green, that is bull-

ish. If the 5- and 10-minute intervals change to red, that is a signal that the immediate trend may be changing. As the 20- and 30-minute entries turn red, that signals that you may want to take defensive action depending on your trading objective and risk level.

The *spreadsheet view* lists all searches based on their daily total gain or loss in percentage order from high to low. The user can sort by *5-day total % gain or loss* or sort by one of the intraday delta periods. Therefore, depending on the market situation that day, there could be a mix of long or short searches in the top rankings. Of course, another option is to view a separate list of bullish or bearish searches by changing the “all searches” tab to either bullish or bearish. Any of the Derby screens and views can be printed for your records for further analysis, but are not downloadable into a spreadsheet because of contractual restrictions with the VectorVest data provider.

Determining the best Derby searches

Traders want to determine the best searches for bullish and bearish mar-

Name	Type	Return
Vern's Vultures	Bearish Short	64.7%
No Mo MoJo	Bearish Short	62.9%
Ballistic New Highs Short	Bearish Short	47.4%
Doug's Downers Supercharged	Bearish Short	25.6%
Stocks to Sell Short	Bearish Short	24.0%
Crash Landers	Bearish Short	23.6%
Silber's Singles/BMB	Bullish Long	20.6%
Worst Stocks Over \$10	Bearish Short	20.6%
Duck-Hunting with IndGRps	Bearish Short	20.6%

FIGURE 5: DERBY DAYTRADING MODE RESULTS FOR 65 DAYS. The top UniSearch results are shown for May 10, 2021 through August 10, 2021 in a simple buy-and-hold scenario. Eight of the nine top performers were bearish short strategies.

ket trends as quickly as possible, so they can make as much profit as possible. That, after all, is the holy grail, isn't it? This is why the Derby was designed to make complex analysis easy, with multiple timeframes and analysis modes available to suit the user. The market may experience internal rotation among sectors, industries, capitalization size, and even style. This means that it is necessary to be aware of potential changing market characteristics, which would favor a different set of searches going forward compared to the current best-performing ones.

Manual monitoring

Let's focus on a few ways to determine the top-performing UniSearches in the near term and over the course of a year. One approach is to monitor the Derby every day for a few months or longer and record the top 10 searches (or more if you like) each day on a spreadsheet or print the Derby screen each day to see which ones appear the most often on big up and down days (for example, at least 1% or more on the major averages). You will see a pattern over time of the most profitable bullish and bearish searches. You need to be consistent in tracking the Derby data. For example, you can set the Derby variables to

"Today's Derby"; market open; price >10 (or all prices if you prefer); average volume greater than 250,000 or 500,000 shares or all; minimum number of stocks 10 or fewer; and % winners if desired (default is to leave the box unchecked).

Be careful not to change these selected variables each day or your search results will not be an apples-to-apples comparison going forward. For example, selecting *prior close* instead

of *today's Derby* and *price >2* will provide a different list of top Derby search rankings. Consistency is critical or your results will not be what you expected. Search results that include stocks less than \$2, for example, will be different than those with a minimum stock price of \$10. However, the majority of the searches will often be in the top 20 in both those cases, but not always.

Day trading analysis mode

A second approach to pinpoint top-performing searches is to use the Derby's *day trading* mode instead of *today's Derby*. Then, in the date box, change the range to a maximum setting of 65 calendar days. The results can be printed out as is or first changed to a spreadsheet or split screen format. You select a 30-day period for another test, print that screen and compare the results. Admittedly, 65 days of data or less is not a statistically significant sample size; however, it provides an overall indication of the highest-ranked strategies. I tested this mode from May 10, 2021 through August 10, 2021, which was the last 65 days of data, at the time of this test. This backtested period was actually a buy-and-hold evaluation with beginning and ending prices with *no changes and without*

any timers or stop placement.

Running this 65-day search with a 10-stock portfolio with prices greater than \$10 and the "all" volume settings resulted in the top nine searches (Figure 5) compared to the S&P 500, which gained 5.94% during this period.

Note that the only bullish search result in this listing was Silber's Singles/BMB. If I restricted it to only bullish searches for this same time period, then the other nine searches would have been up from 9.1% to 19.2%. Clearly, as this test indicated, you can make money with bearish searches, even in an uptrending market.

Be aware that the start and end dates of any backtest will greatly impact the results, so it is best to evaluate whether the market is in a trading range or an uptrend or downtrend to see whether bullish or bearish searches performed as they should. Also, do not forget to look at the search criteria, as some of them are quite similar and overlap, having the same securities. In that case, add a few other top strategies to your list.

Vary the start date analysis mode

A more comprehensive evaluation of any 65-day timeframe is to use the *vary the start date* mode, which provides the performance from the start date and then increments by one day at a time going forward each day through the end date. So there are 65 lines of performance data, where you can see the consistency of the search results, not just one performance number for the period as in the *day trading* mode example.

For example, the second-best strategy for this mode for the 65-day period June 10, 2021 through September 10, 2021 was *No Mo MoJo* with an average gain of 15.9%. A partial screenshot of the first 11 lines out of the 65 of this bearish strategy is shown in Figure 6, which shows

the name of the search, the percent winners, percent winning days, total percent gain or loss for each period, average daily % gain or loss, maximum drawdown, and efficiency. The complete screen with 65 lines of data can be printed out for further study.

The first line in Figure 6 shows the performance from 6/10/21 to 9/10/2021, then from 6/11/21 to the same end day, all the way from 9/10/21 to 9/10/21, thereby eliminating each starting date one at a time. Clearly, the high percentage of winners and reasonable maximum drawdown vary, but overall, the annual rate of return (ARR) is exceptional, while the drawdowns averaged about 15% overall.

In conclusion, using both the *day trading* and *vary the start date* modes and comparing those results will provide the handful of strategies with the best overall performance over the past two months. Also, compare those results with the manual monitoring and Systems Viewer to arrive at the best combination of top searches. This is an ongoing project, as market conditions change, but the effort is worth your time when you start to see consistent profits rolling in.

Jockey Club and Trending Thursdays

One very popular free live Derby feature is *The Jockey Club*, which can be accessed from the top of the Derby page by all Derby subscribers. This trading room operates from 9:00 am to 10:30 am ET and provides commentary from instructors on the pre-market and opening action in the top-performing Derby strategies. Each day, the user can observe the step-by-step building of a watchlist from five to six Derby searches, where those stocks with a positive performance are selected for placement in the WatchList. Typically, stocks selected by instructors are up

Vern's Vultures							
Bearish Short - 10 stocks (avg) - 18.28 %							
No Mo MoJo							
Bearish Short - 10 stocks (avg) - 15.90 %							
Run	# Stocks	% Winners	% G/L	ARR	Max Drawdown	Efficiency	
6/10/2021 - 9/10/2021	10	80 %	36.49 %	143.31 %	8.38 %	43.98	
6/11/2021 - 9/10/2021	10	70 %	24.90 %	98.85 %	11.40 %	35.85	
6/14/2021 - 9/10/2021	10	80 %	23.40 %	96.02 %	9.15 %	42.68	
6/15/2021 - 9/10/2021	10	80 %	12.67 %	52.59 %	13.08 %	38.13	
6/16/2021 - 9/10/2021	10	70 %	17.41 %	73.08 %	11.32 %	29.51	
6/17/2021 - 9/10/2021	10	80 %	22.31 %	94.77 %	8.03 %	40.47	
6/18/2021 - 9/10/2021	10	80 %	26.36 %	113.28 %	7.28 %	42.74	
6/21/2021 - 9/10/2021	10	60 %	2.13 %	9.50 %	13.78 %	23.19	
6/22/2021 - 9/10/2021	10	60 %	4.92 %	22.18 %	12.59 %	26.68	
6/23/2021 - 9/10/2021	10	90 %	34.31 %	156.67 %	11.58 %	46.89	
6/24/2021 - 9/10/2021	10	90 %	29.33 %	135.60 %	7.85 %	43.73	

FIGURE 6: REALTIME DERBY “VARY THE DATE” ANALYSIS FOR NO MO MOJO. Sixty-five date runs with their analysis is provided, which shows the complete history of running this strategy every day from the starting date to an end date of your choice for 65 days. Note the high percentage of portfolio winners.

at least 1% pre-market. Those stocks are then charted to isolate those with the best chart attributes for possible purchase that day. Thereafter, the stocks are tracked until that session ends. Moreover, the live chat provides answers to participant questions. Each session is usually run by one of VectorVest’s senior, experienced traders and staff members. Using this daily educational service will minimize the training time for mastering the Derby to isolate the potential intraday movers.

Another popular offering available to anyone interested in trading the markets, not just VectorVest subscribers, is “Trending Thursdays,” which is live at 2 pm ET each Thursday on YouTube with 75 to 90 minute sessions. The instructor first covers market news, looking at individual stocks in the news. They are charted and potentially placed in a watchlist if considered viable. There is an accompanying chat capability to answer viewer questions or requests for specific stocks to be covered. These sessions are archived on YouTube for future use.

In summary, the Derby is a truly unique tool and works like an EKG in providing live feedback on the internal real-time movement of stock prices and strategies. After spending only a few weeks watching the RealTime Derby components, the user will develop the ability to feel the internal heartbeat of the market, improve his/her performance by being in tune with its rhythm, and experience a consistent approach to making money.

ROBOTRADER DIRECT LINK TO BROKERAGE ACCOUNT

RoboTrader (a \$99/month add-on) is found on the main toolbar once it is purchased. It was made available to users in April 2016 and has become a very popular offering, as it provides VectorVest users with the ability to manage and execute their stock selection choices with one of three brokerage firms directly from the VectorVest software. I have personally not had the opportunity to use RoboTrader but I plan to in the near future. There is also an option to manually use the RoboTrader with

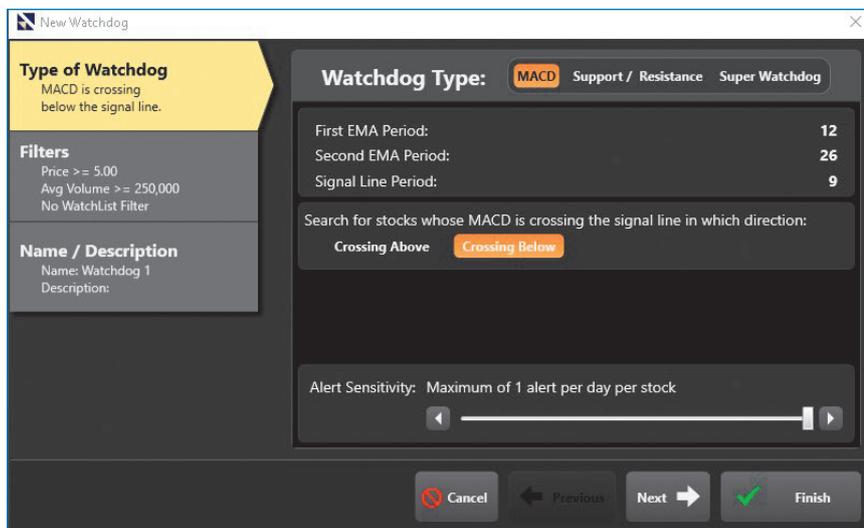


FIGURE 7: WATCHDOG OPENING MACD SCREEN. The user can set up alerts for MACD and support & resistance indicators, as well as set filters. Alert timing provided is based on subscription level.

one or more different brokerage firms of your choice, but that function is not automated, and won't be covered here. Currently, the participating firms are Interactive Brokers, Ally Invest, and TradeStation.

Users first need to set up an account or link to an existing account with one of these firms, and input the required information into the "linked account" screen found beneath the *tools* tab on the homepage.

The RoboTrader tool works seamlessly with any of the Viewers such as Stock Viewer, Backtester, AutoTimer and the Portfolio Genius and any existing trading system, including your own. Once a portfolio is set up, it is automatically monitored by RoboTrader for actionable events. Adding a new portfolio with a different trading system at the brokerage account can be set up using the Portfolio Genius. Be aware that only Premium (real-time) subscribers and Basic and Enhanced platform subscribers who have purchased the AutoTimer will have access to market timing capabilities in the Trading System Viewer.

RoboTrader is accessible to all VectorVest users for the add-on fee, no matter which subscription plan

was used. This tool eliminates any emotional attachment to stocks, since it executes your orders as instructed. You are basically following your trading plan as intended without having to think about it. RoboTrader then monitors the portfolio for any changes and alerts you when a decision is required to execute a transaction. The first step is for users to select a trading system and a timer to generate a portfolio. Then the software waits for the portfolio, RoboTrader, or WatchDog (to be explained below) to trigger an alert regarding when to buy, what to buy, and when to sell.

Multiple or single alerts can be received as text messages to your phone or email. Notifications (as a popup on the screen and an alert sound) appear if you are logged in to the software, following your data frequency. You can then decide whether to act on the alerts by clicking on the TradeNOW option using a pre-filled order ticket that is routed to the firm for execution. Note that no orders are automatically sent to the brokerage firm without your initial manual approval. Once that step is accomplished, the brokerage firm will execute the transaction according to your specification (for example, number of shares, order

type, stop criteria and duration (day or GTC), all of which are pre-filled.

RoboTrader can be accessed from the four viewers—Trading System, Stock, WatchList and ETF, as well as from UniSearch, all with a mouse click. There are a number of reports available to track the RoboTrader activity. These include a transaction history, current holdings, summary report, diversification graph, trade history from purchase date through sale date, and tax report. The *summary report* contains the current portfolio value, percent gain or loss, number of winners and losers, best/worst trades, commissions (if any), and graph of your open and closed positions.

USING WATCHDOG ALERTS FOR PINPOINTING ENTRIES AND EXITS

The WatchDog (Figure 7) is available to all users, and automatically monitors any personalized stock portfolio or selected watchlist to provide notification of the breach of two technical indicators—MACD crossovers and support/resistance lines—to the upside or downside. This is accomplished through text and email alerts, screen popup messages, and a scrolling screen of alerts as they hit. Alerts that trigger in real time are accessible only by Premium subscribers. Enhanced subscribers receive the alerts with a 15-minute delay, and Basic customers receive the alerts at the end of the day.

An alert is triggered during the day whenever the MACD and/or support/resistance settings hit user-determined levels. Each WatchDog activated is automatically tracked in a viewable My WatchDogs listing. Any WatchDog previously activated can be edited or copied and re-run with any parameter changes. Moreover, any of them can be turned off for any length of time and restarted

whenever you desire.

More importantly, this tool remains active even when the software is not open—just like RoboTrader. WatchDogs are useful for selecting stocks to buy that are breaking out of resistance, as well as exhibiting a positive MACD crossover. Likewise, when you are considering selling a position, the WatchDog can signal a break of a support level and a negative MACD crossover, as they occur.

MACD WatchDog

The default setting of (12,26,9) cannot be changed and there only two possibilities: a crossover from above or below. An alert is generated whenever the signal line crosses the MACD line during the day. Price and volume filters are provided where the user can adjust the default setting (price greater than \$5 with greater than 250,000 average volume). If a search is then run using these criteria without any stock universe specified, the WatchDog will view the entire 8,900 stock database and issue alerts as they occur. Obviously, there may be hundreds or even thousands of alerts since the entire VectorVest database is monitored. To avoid this potential problem, one simple approach is to raise the stock price minimum to say \$25, for example, and the trading volume to greater than one million shares. Nevertheless, that choice may still also leave too many potential stocks, signals, and charts to review.

The most practical use of the WatchDog is to obtain alerts only on stock groups or portfolios of interest. To accomplish this objective, the “WatchList filters” box can be checked to select from not only a dozen major WatchList categories, but also from a portfolio you create from the stocks identified in the alert list. They can be saved to a named WatchList and tracked by the WatchDog, as well as multiple WatchLists.

The screenshot shows the VectorVest 7 RealTime software interface. At the top, there are tabs for Home, Viewers, Graphs, UniSearch, and BackTests. Below these are sub-tabs for Portfolios, Views, Derby, Watchdog, and Training. The main area is titled 'My Watchdogs' and contains a table with columns for Name, Type, Status, Criteria, Filter(s), and Alert Sens. The table lists several watchdogs, including 'Bullish 5/10 MA xover', 'Bullish Best New Highs Breaking Re', 'Bullish Higher Highs Top 50 VST St', 'Bullish MACD Xover retracing from', 'Bullish S&P 600 Watchlist MACD X', 'Watchdog 1 MACD Bullish Crossover', and 'Watchdog 2 S&P 500 Breaking Resi'. The 'Watchdog 1 MACD Bullish Crossover' is highlighted in orange. Below the table, there is a 'Settings' section for the selected watchdog, showing its name, description, criteria, and system alert. The system alert section shows a message: 'NMR has met the criteria for Watchdog 1 MACD Bullish Crossover at Price of \$6.39. Price - (Split Adjusted) is greater than or equal to 1. AvgVol - (50 day moving Average Volume) is greater than or equal to 100000. The MACD Line has crossed above the Signal Line.' The alert is dated 12/28/2010 3:35:30 PM and has a trigger price of \$6.39.

FIGURE 8: WATCHDOG ALERT SCREEN. Alerts appear as they occur. Email and text alerts are available to all subscribers. The timing of alerts depends on the user’s subscription level.

WatchList choices include the S&P 100, S&P 500, Nasdaq 100, Midas Touch stocks, contra and leveraged ETF, and many more. Also, any live WatchDog can be unsubscribed to at any time, and re-activated with a mouse click. All the parameters will be saved during its inactive phase.

Support/resistance WatchDog

The second WatchDog available focuses on support & resistance. There are five settings used, including four fixed ones, which are: 300 bars of data to include, thin support/resistance zone, use of high/low prices, and strong reversals. The last setting allows the user to adjust the number of line touches, which can be set between 1 and 5. Then the user can set the price to break above resistance, near resistance, or retrace from resistance by a user-selected percentage. The default percentage is set at 1.0% but can be changed to any desired number. The same exact parameters are used for the “support” option, except the price is set to break support, and can also be adjusted where possible. The WatchDog tool

is included in Premium subscriptions; otherwise, it can be purchased for a one-time fee of \$495 in the other two subscription plans. Figure 8 shows the alerts on a WatchDog screen.

The Super WatchDog

For aggressive traders who are Premium subscribers, the Super WatchDog is available for \$99/mo. It provides real-time alerts on a dozen other technical indicators available in ProTrader (included in the Premium subscription), as well as MACD and support/resistance. Moreover, any of the 400+ UniSearches, as well as any custom-designed user search, can be used. You can be alerted when a stock is moving into the top results of a search, or if a new stock appears in the complete list of search results. Also, a QuickFolio can be generated based on any search to observe its performance over a time period of your choice. This offering is truly exceptional because it provides traders with dynamic information about their holdings, especially if they are trying to watch a basket of stocks during the day and need to make

quick decisions on buying or selling a particular stock.

WHEN TO SELL—THE MOST CHALLENGING STEP OF ALL

When to sell is the most challenging and difficult decision most traders and investors face. In this regard, VectorVest is somewhat unique in that it provides a stop price and buy, sell, or hold recommendation on every stock, every day. Stop prices are an important building block of the VectorVest system. They are based upon the 13-week price moving average of each stock and are adjusted, higher or lower, according to the stock's fundamentals. Stocks with good fundamentals have lower stop prices than stocks with weak fundamentals. In this way, stocks with good fundamentals get buy or hold ratings sooner and sell ratings later than stocks with poor fundamentals. This methodology allows investors to retain good stocks longer and exit weak stocks quicker.

Any stock, regardless of fundamentals, gets a sell rating when its price closes below its stop price. A stock must be rising in price and pulling away from its stop price, among other factors, to get a buy rating. A stock rising from a sell rating to above its stop price or falling from a buy rating may get a hold rating.

Whether investors are in the money or trying to protect their principal from decaying, the simple truth is that no one can consistently buy at the exact market bottom or sell at the exact top or set a perfect stop to capture the most profit. Moreover, too many individuals are emotionally rather than rationally driven regarding their stock investments, and they make too many mistakes. Also, they can fail to plan in advance for a price reversal from a recent high.

Selling too early leaves money on the table. Selling after a 5% stop is

hit, for example, is not a pleasant experience, especially if the stock then rebounds and you do not re-enter the position. But it is the right decision if that is set in your trading plan. A trading plan is critical to your trading success. Of course, it must be followed in a robotic manner. Consider the sage advice from David Paul (managing director, VectorVest, UK) who said, "... it takes 8 to 15 trades to imprint the methodology (meaning your trading plan) in your brain." Once you do that, trading will be a mechanical rather than an emotional experience resulting in improved results, since executing the plan becomes a habit.

Another common mistake is watching a 50–100% profit on a position turn into a loss because the trader uses "hope" as his savior instead of specific trading rules. An acquaintance of mine with years of market experience bought 1,000 shares of GoPro stock in June 2014 at \$26, watched it explode to \$90 by October 2014, then panicked as it tumbled to \$10 in February 2016 without locking in any profit along the way, and ended up actually losing 60% of his principal when he sold it at \$11. That was a fiasco that should never have happened. First of all, no winning trade should ever result in a loss. That can be avoided by using appropriate stops along the way as well as taking a percentage of the position off the table at 25% and 50% profit.

SELECTING A SUITABLE MARKET TIMER

VectorVest users have all the tools they need to determine when to sell. For example, using and following the buy and sell signals of any of the VectorVest market timers will avoid big losses while taking emotion out of the equation. As we saw in part 1 of this review, the timers provide investors with varying risk character-

istics: a choice of slow, intermediate, or fast timers to determine when to enter and exit the market. Aggressive traders would most likely use the Primary Wave and DEW, while more conservative investors usually select the Confirmed Call timer.

Using these timers, or perhaps one of the Green Light Buyer combinations, in conjunction with the Daily Color Guard and the guidance offered in the daily Views will provide clear-cut "sell" signals to protect your portfolio with no second-guessing necessary. Remember that as long as you sell within a few days or a week or two of a top, you will do better than 95% of the other market players who do not have strict rules and strategies to protect their positions.

If the market has a shallow decline of, say, 5% and you sell all your positions, and then subsequently the market turns back up, the timers will get you back in again within a few percentage points of the bottom, so you will not miss the next market advance. It is all pre-determined by your trading plan, which you should write out and review in detail before making any trades. After a few months of strictly following your rules, the methodology will be imprinted in your brain and you will feel comfortable following your rules even though you may have second thoughts at times. Trading will be automatic and you should be able to reduce your stress level significantly.

For example, before the 34% market collapse in the S&P 500 index from late February to March 23, 2020, the DEW issued a sell signal on February 24, 2020 (four days after the high), and then issued a buy signal on April 6 (ten days after the bottom), which was long before the Confirmed Call buy signal on May 18. Even this slower Confirmed Call market timer issued a sell signal on February 28, within eight days of the

top. In comparison, the faster Primary Wave issued a sell signal on February 21, 2020, followed by the March 25 buy signal, both two days after their respective market top and bottom. Users of this software should place the timers on 5- to 10-year market timing graphs to make sure that they are comfortable with the signal frequency and accuracy. Backtests can be used over any selected periods to determine the actual performance, number of trades, maximum drawdown and other valuable data from the “summary report.” Once you have the hard data, you can then use your selected timer with confidence and incorporate it into your trading plan going forward.

Monitor the MTI and BSR for extremely high levels

The MTI and BSR are two more indicators that can help you determine when to sell. You can look at a market timing chart with the MTI and BSR placed at the bottom (Figure 9). You will notice when the MTI reaches an extreme overbought level—such as 1.6—for a period of time, and the BSR rises and remains above 3.75, you should be on your toes looking for a potential reversal. However, the market could remain in an overbought position for weeks, as the MTI did from May 26, 2020 through August 18, 2020 with its reading at 1.6 or a bit higher. Wait for confirmation from the market before you act.

The market continued to rise from its March 23rd lows and accelerated higher through the end of May. The BSR actually exceeded 3.75 on November 23, 2020, then peaked at an astonishing 10.87 on January 20, 2021, fell to below 3.75 before rising to 12.88 on February 9, 2021 (4 days before the market peak at that point). And then it declined to 0.93 by March 3, 2021. The key point here is that rare overbought levels occur



FIGURE 9: PRIMARY WAVE MARKET TIMING GRAPH WITH MTI AND BSR. Note the accuracy of the timing signals on the VECTORVESTC composite at highs and lows. Also, extreme positive or negative readings on the MTI and BSR need to be closely watched for a potential market price reversal.

from time to time, as can be seen on this type of chart. Clearly, the market did decline from February 17, 2021 through March 4 before a recovery occurred. The key is to be aware when both the MTI and BSR decline rapidly from lofty levels.

One critically important question to answer when a market timer issues a sell signal is: “What to sell?” Should an investor or trader sell out an entire portfolio based on the timer sell signal? In general, the answer is “yes” because a down market usually takes everything with it, barring a few exceptions, and a small decline can end up being much more pronounced. On the other hand, one can also do a bit more homework and look at a chart of each position with some of the technical indicators available on ProTrader (add-on) to determine the exact point where each stock should be sold. For example, a daily MACD downward crossover accompanied by a break of the 8-day EMA for traders and 20-day simple moving average for investors would offer added confirmation. As we will see later in this review, the “WatchDog” tool can be used to provide an alert when the MACD crossover occurs on any stock in your portfolio.

Using technical indicators

Solely using technical analysis to determine when to sell independently or in corroboration with the timers is another option. The ProTrader tool (Figure 10) offers a limited number of the most common indicators:

- ADX and directional movement
- Average true range
- Bollinger Bands
- Detrended price oscillator (DPO)
- Envelopes
- MACD
- Momentum
- On-balance volume
- RSI
- Stochastic oscillator
- Support & resistance

An indicator can be placed on a chart either intraday, end of day or week, or weekly. Lines can be drawn and Fibonacci retracements, fans, and arcs can be added, including a Gann fan. Earnings notices, dividend dates and splits can be applied to any chart. Also, the MTI, BSR, RT, and many other VectorVest indicators and custom fields can be placed on the chart for comparative purposes. The



FIGURE 10: PROTRADER APPLE CHART. Here the DPO, MACD and envelopes are plotted. Earnings dates are also highlighted. Buy or hold recommendation is highlighted on top of screen.

user can develop and save the chart layouts of choice, embed the ticker symbols of the portfolio one at a time and visually assess the entire picture before making a final sell decision. Any market timer can be placed on the chart to see if the technical indicator and timer call match up.

Use BackTester with stop criteria

The BackTester offers alternative ways to protect profits using any user-developed or UniSearch strategy for any time period, market timer, and any of the available stop criteria available to the user.

There are 15 stop criteria choices in the BackTester, including: user-selected percentages for gain and loss; VectorVest recommended stop; the ProfitLocker Pro add-on; ProfitLocker Pro ATR (requires the ProfitLocker Pro add-on); ProfitLocker; trailing stop; ratchet stop; VectorVest “sell” signal on stocks; VST or RT falling below 1.0 or a value you select; trailing ATR (average true range) stop; and prior day’s

stop, low, or close.

With all these choices, a user can be overwhelmed as to which criteria to select and the variables to use. Fortunately, there is a much faster and more accurate way to accomplish this task by using the ProfitLocker Pro’s “recommended stop” choice. This tool makes the *when to sell* question simple and is explained below.

PROFITLOCKER AND PROFITLOCKER PRO

To help traders and investors determine sensible stop levels, VectorVest developed and first offered ProfitLocker (PL) in 2017. It is defined as “an intelligent stop that locks in profits by adjusting itself to the action of the price and the inputs you select.” Does the PL always provide optimal exits? Of course not, as nothing is perfect, but it helps in determining reasonable stop levels based upon the user’s selected target price percentage increase from the purchase price, and the stop price percentage decline. The user can then experiment with mul-

multiple backtests with different values to see which ones have worked the best over time for the strategy used. This can be a time-consuming project, but the user can quickly change these two variables with a few mouse clicks in the BackTester to rerun the tests over and over again. All the backtest results are aggregated in an archived report, and remain on the software until deleted. New backtests can be quickly run using the edit command on any existing test result.

The latest enhancement to this tool is called ProfitLocker Pro (PLP) add-on, which became available in 2019 and costs \$99 per month. The current version is a major upgrade and examines and fine-tunes each stock’s past data to calculate the best parameters for the target and stop price with 70% better results than those gained by the average user. Basically, this version automatically provides mathematically derived stop criteria for each stock in the portfolio. For example, safer, undervalued stocks will receive looser stop levels than an overvalued stock falling in price; in that case, the stops will be tightened as it rises.

The user can simply select the *recommended stop* option in the BackTester and the software will provide the appropriate profit and loss percentages, which can be viewed on custom-designed charts. These results can then be evaluated against the user’s own settings to determine its value. VectorVest instructors have run hundreds of thousands of simulated backtests using the PLP and have found that the *recommended stop* provides 70% better results overall than user-defined stop levels. Web and mobile versions of ProfitLocker Pro are available outside of the VectorVest 7 family of integrated products. VectorVest offers a video of ProfitLocker Pro at www.ProfitLockerPro.com/LockProfits.

EXTENSIVE TRAINING AVAILABLE

In addition to the various educational resources mentioned in part 1, users should definitely spend time with the VectorVest University under the *training* tab on the homepage. Also, users should view the weekly “special presentations” offered every Friday, as well as the nightly “Daily Color Guard reports,” which are all archived back to 2009. These videos by themselves provide a wealth of useful guidance on specific subjects, strategies, backtesting, and stock selection methods. I’ve viewed hundreds of them over the years and found them very helpful for better understanding the vast capabilities of the software. I always learn something new each time I watch an archived “special presentation.”

In addition, VectorVest offers free phone and email technical support six days a week to answer any software questions. The weekday hours are 7 am to 11 pm ET, and 9 am to 5 pm on Saturday. A chat service is currently offered for straightforward questions. Calling support, which is located in North Carolina, a number of times during my recent six-month review period resulted in immediate connections, coupled with answers to my questions. Having a rapid technical support response time even with such a large customer base is a positive element of the overall experience, and one where many other companies don’t make the grade as well as VectorVest does.

Subscribers can also attend free events posted on the homepage that are offered on Facebook and YouTube on topics such as *Generating Income Using Credit Spreads*, *Five Keys To Generating Income With Options*, *Key Tips To Protect Profits*, and *Screening For High Flyers*. There are many videos on YouTube and if you type in “VectorVest” you will see ten

topic choices to select from.

The last but very informative educational alternative is to sign up for paid courses. They range in price from \$95 to \$2,995, with most less than \$995. They cover various topics such as “When to Sell,” “The Successful Investor,” “Covered Calls Bootcamp,” “2021 Two-Day Investment Seminar,” “Swing Trading Coaching Group,” “Trade Like a Pro,” and “Precise Bottom-Fishing for Explosive Profits.” Sometimes there is special reduced pricing when a new course is offered or after they’ve been offered for a few years. I’ve taken about four VectorVest courses or workshops over the years and found them very worthwhile with top-notch, experienced instructors.

CONCLUSION

This two-part review of VectorVest 7 Premium revealed its enormous computing power, which can evaluate nearly 9,000 stocks and ETFs in seconds and provide the top-ranked ones on any criteria you select, such as CI, RS, or the default VST ranking to identify the top performers. There are additional tools, strategies, capabilities, and nuances that I did not have a chance to cover here because of space limitations.

VectorVest offers a complete service with all the data, tools, strategies, and techniques needed to become consistently profitable. To be successful, it’s important to develop and adhere to your rules-based trading plan, and to be guided by the program’s methodology without bringing outside influences and your own emotions into the equation.

Most importantly, the software provides answers to three crucial questions: when to buy, what to buy, and when to sell. Everything else is superfluous. For example, listening to extraneous noise such as market “expert” opinions on the financial

channels, subscribing to multiple newsletters with unverifiable track records, or jumping around to different online stock-picking blogs or services (that may use questionable techniques with spotty track records) is not the best way to develop your investing skills. VectorVest’s rules-based approach based on hard number crunching provides all you need to master the market. You don’t need to have years of market experience or necessarily be that knowledgeable about technical or fundamental analysis to benefit from this software. All of this critical information is blended into the software, which then distills it and delivers the current market timing calls and specific stock selection recommendations—buy, sell, or hold—with precision. There is no guessing or interpretation necessary. Of course, you should read a few basic books on technical and fundamental analysis so you have knowledge of the terminology and the key principles.

The VST master indicator in conjunction with the Daily Color Guard provide all you need to make a buy or sell decision. And each day’s action is reviewed in a nightly video available before 8:00 pm ET, which starts with the critical data on the homepage. Moreover, a list of ten “hot stocks” for consideration for next day’s trade is provided together with a listing of the next day’s key economic release times. There is also a daily written “views” tab that provides even more analysis.

All the nitty-gritty details about the market’s health and individual stock’s relative value, relative safety, and relative timing is embedded in the software. Thus, it is easy to extract what you need with a few mouse clicks. The overall focus of VectorVest was to make the product easy to use and understand and get you up and running quickly. They

have accomplished that goal.

By using the software every day from pre-market to the 4:00 pm close, I was able to watch the Derby's changing leadership, as well as the market's ebb and flow. Although I've used other analytical software platforms, I keep coming back to VectorVest because of my familiarity with it, its logical format, the accuracy of its short-term timing models, the valuable add-ons, and the high-quality searches that provide consistently profitable results. Whether you are a short-term or long-term investor or trader, I highly recommend this software and suggest that you give it at least a 30-day trial to determine if this software meets your needs.

Remember the sage advice of Jesse Livermore, one of the most well-known market players of all time: "The stock market is never obvious. It is designed to fool most of the people, most of the time." This is where the VectorVest platform comes in. It provides traders and investors with the tools and strategies to succeed and grow their wealth in an ever-changing and dynamic environment.

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