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### Monthly Portfolio Review

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1. Print Daily Graph Report and compare:
  - Relative Strength (RS)
  - EPS Rank
  - SMR Rating
- Accumulation/Distribution level
2. Are earnings/sales accelerating?
3. Are earnings growing as fast as sales?
4. Is the price trend up or down?
5. How does the price compare to the MA?
6. Is the industry group moving up or down?
7. Are more top rated mutual funds buying the stock?
8. Was any significant news reported?
9. Review sell rules for recent price action?
10. Review most recent earnings report.

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### Pocket Guide to Investing in Stocks

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### Absolute Rules

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1. Follow rules not emotions.
  2. Sell if price drops 6-8% below purchase.
  3. Take insane profits when you have them, **REGARDLESS** of taxes.
  4. Hold on to winners for big gains.
  5. Double up on winners; sell losers.
  6. **ALWAYS** average up, never down.
  7. Greater \$100M sales + 25 % EPS growth.
  8. Sell on **ANY** warnings about earnings.
  9. Monitor all earnings reports.
  10. Invest enough to make a difference.
  11. Buy on the way up and sell on the way up.
  12. Earnings growth drives everything.
  13. Protect yourself when traveling!
  14. **IGNORE** analysts and brokers.
  15. Review portfolio monthly. See back page.
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## Buy Rules

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### Fundamentals

1. Annual sales greater than \$100M.
2. Earnings growth greater than 25%.
3. Earnings and sales growth accelerating.
4. Sales growth  $\geq$  earnings growth.
5. RS and EPS rank above 80%.
6. Accumulation/Distribution A or B.
7. Industry group ranked in top 20.

### Technicals

1. Look for new highs (breakouts) on at least double average daily volume.
  2. Look for cup and handle formations with handle sloping down on decreasing volume.
  3. Look for bases of 7 weeks or longer.
  4. Look for movement above 50 day moving average on strong volume.
  5. Look for stocks in correction bouncing off 50 day moving average on strong volume.
  6. Any significant news to drive stock upward.
  7. Never average down. Only average up.
  8. Never buy turnarounds or bargain stocks.
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## Sell Rules

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### General rules

1. Ignore taxes – make investment decisions.
2. Price drops 6-8% below purchase price.
3. Breakout fails just after buying.
4. **ANY** earnings warning.
5. IBD ratings decline.
6. Price flat and better opportunities exist.

### Rising Price

1. Climax run.
2. Excessive gain (e.g.  $>2 \times 50$  day ma).
3. Gaps up or new high on weak volume.
4. New high on speculative news.

### Declining Price

1. Gaps down on high volume.
  2. Drops 8% in one day.
  3. Drops on heavy volume in up market
  4. Drops below 50 day ma.
  5. Drops more than 25% from its high.
  6. Don't sell if declines in sympathy with market.
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