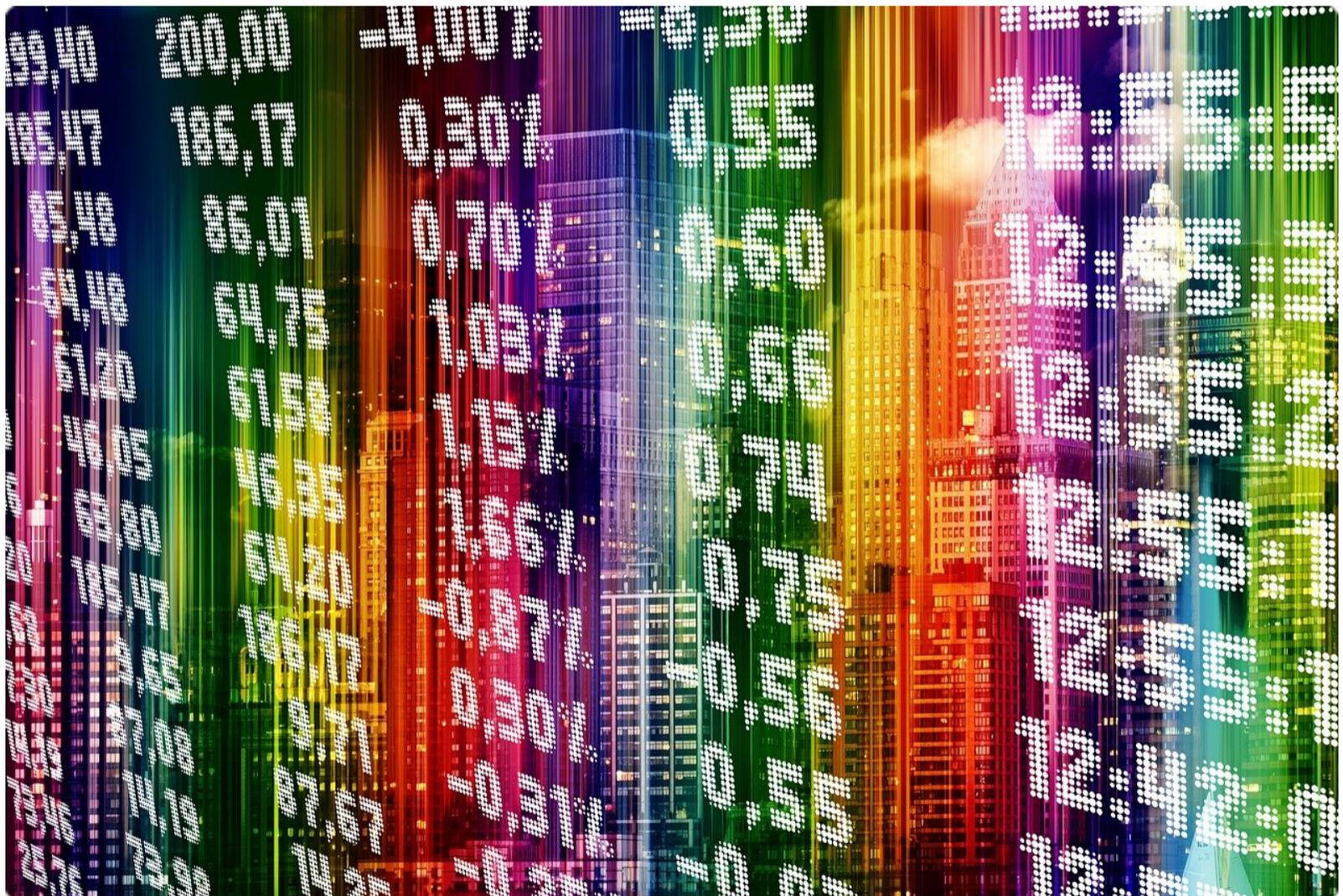


The Bedokian

The Trading Portfolio Handbook



Companion Guide to The Bedokian Portfolio

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For those who find this book useful in their investing and trading journey.

Contents

Introduction	iv
Chapter 1 A Whole New World	1
Is a Trading Portfolio Required?	1
The Trader's Habits	2
Nomenclature Used	3
Chapter 2 Starting the Portfolio	5
How Much Should I Start With?	5
Portfolio Fund Management Guidelines	5
Assets/Financial Products for the Portfolio	6
Types of Derivatives	7
Types of Cryptocurrencies	9
Finding a Suitable Brokerage	10
Chapter 3 Trading Styles	12
The Four Trading Styles	12
Other Trading Styles	14
Finding the Right Style	15
Chapter 4 Price Actions and Discovery	16
Determining Price	16
The Candlestick	17
Technical Indicators	19
Price Observations	20
Stop Loss	21
The Final Word	22
Chapter 5 Tips and Strategies	23
Try On a Demo Account	23
Be Selective	24
Long Term Holding (?)	25
Trade Convert to Investment	26
Appendix Technical Analysis Toolbox	27

Introduction

Welcome to the *The Trading Portfolio Handbook: Companion Guide to The Bedokian Portfolio*.

In my first publication *The Bedokian Portfolio*, I had a chapter on the Portfolio Multiverse, where an individual would plan, manage and organise multiple portfolios based on each portfolio's objective(s) and characteristics, and the individual's risk appetite, risk tolerance, knowledge and allowable time for the portfolios, asset classes and/or financial instruments used in it.

The idea of a trading portfolio was briefly introduced in the Portfolio Multiverse. While there were suggestions on including a section on trading in *The Bedokian Portfolio*, I would prefer it served as a basic and broad introduction on investing for beginners, and wanted to remain as it is. Thus, resulting in this spinoff companion publication.

The Trading Portfolio Handbook is not an instruction on the strategies and methods of trading derivative instruments like futures and options, nor it is a comprehensive manual to look at charts, drawing lines and recognising patterns. Rather, as the title contains, this handbook acts as a guide from my perspective.

Trading is seen as frequent transacting of counters over the course of seconds to years, but I also categorise some sophisticated and speculative financial instruments such as derivatives and cryptocurrencies for inclusion in the trading portfolio.

Speaking of which, when you read this eBook, the first thing you need to do is to dispel some of your investment thoughts and notions that you may have accumulated from *The Bedokian Portfolio* or some other

investment books. The mindset and approach to trading is different than that of investing, and some paradigm-switching is necessary to view it from on another angle. And this is the topic which I will start off at the very first chapter.

Chapter 2 is the guidelines on how to create the portfolio, the amount to begin with and what asset/financial instruments should constitute it. Chapter 3 introduces the various trading styles, and Chapter 4 covers the basics of candlesticks, and some price action and discovery methods, which include a couple of familiar ones that you may have read from *The Bedokian Portfolio* and some of my blogposts. I will end off with Chapter 5 in providing some useful tips and strategies.

As you can see, this is a relatively short eBook (hence the Handbook moniker), but with this and further reading from other sources, I hope you could find a trading methodology and portfolio management that suits you.

The Bedokian
October 2025

Visit <https://bedokianportfolio.blogspot.com> for more articles by The Bedokian.

Chapter 1

A Whole New World

A lot of people have had the impression that investing and trading are the same, since both involved buying and selling of assets and financial instruments, in which both are correct. The objectives and methodology between the two, however, are vastly different: investing is long-term in nature and builds wealth through the compounding effect over time, while trading focuses on the short-term period with profit taking in mind, making use of market and price volatility.

If you are approaching trading from an investing point of view, then I suggest that you need to do a paradigm switch, or to put it in a term I often espoused, *“unlearn what you have learned”*. Though a clean slate is needed to begin a new learning journey, having to use and adapt into different thinking hats is preferred as a true mark of managing multiple and differing nature of portfolios in your Portfolio Multiverse.

Let us begin with the simplest question to answer.

Is a Trading Portfolio Required?

Before we start talking about the trading portfolio, the very first question you must ask yourself is: do you need one? If you do not understand how the various complex financial instruments like options and futures work, are risk adverse to speculative and volatile assets like cryptocurrencies and meme stocks, or not confident enough to possess one, then it is better to stop reading on.

The allure of high-risk, high-returns play and the excitement that comes along with it is like an adrenaline rush for some people. However, unlike gambling, where it is a form of entertainment (at least to me), you do not start a trading portfolio just to enjoy the highs and lows of winning and losing; it is supposed to act as a segregation from your safer investment portfolio(s), while simultaneously acts as a complementary one in providing additional cashflows to the others within the Portfolio Multiverse.

If you think you can handle a trading portfolio, then let us move on in training your habits.

The Trader's Habits

The ultimate objective of a trader is to make a profit, and will use any means necessary to achieve it, therefore you should hone a trader's mindset and develop habits to manage the trading portfolio proper.

A paradigm switch is needed since managing an investment portfolio is different from a trading one. While the emotional aspect (cognitive biases and the need to stay rational) in investing and trading are similar¹, I shall highlight the major differences here:

Frequent monitoring - Because the time frame of trading is shorter than investing, and buy/sell decisions must be done quickly, you should frequently monitor prices, news and even rumours concerning your trading position. This is crucial if you are practising scalping or day trading (more on these in Chapter 3).

¹ *The Bedokian Portfolio (2nd edition), chapter 14.*

Fundamental analysis is (sort of) not helpful - If you are used to carry out fundamental analysis (FA) before deciding on whether to buy or sell a stock, just do not do it thoroughly in trading, where price movements and transaction volume takes precedence. The only time where fundamentals take place in a trade is to take advantage of a stock whose price is battered down, knowing that the chance of it rising again is high due to their strong financials and market position. This works well with swing or position trading (more on these in Chapter 3), where the longer holding period allows the luxury of further albeit shorter research time.

Minimise losses - Unlike investing where you could either wait out a storm or just average down a counter, for trading it is better to have an exit strategy since the asset/financial instrument traded are of higher risk. Thus, the idea of having a stop loss (see later in Chapter 4), where if the price goes south to that point, just exit the position to minimise losses.

Once you are aware of the differences and able to switch easily between the mindsets and habits of investing and trading, you are already halfway there.

Nomenclature Used

I would like to standardise some nomenclature used here throughout the eBook so that you would not get confused. Though the following terms may have the impression to convey similar meanings, I am making them distinct so that a clear understanding is conveyed.

Assets - Asset classes such as equities, bonds, real estate, commodities and cash. It also covers digital ones like cryptocurrencies, and indices like the Straits Times Index and Dow Jones.

Securities/Counters//Financial Instruments/Financial Products -

These cover the means of holding the assets, like shares, contracts, options, certificates and funds (unit trusts and exchange traded).

Brokerages - Any application or platform that allows trading of assets and financial instruments, such as the traditional share brokerage platforms and cryptocurrency exchanges.

Chapter 2

Starting the Portfolio

If you have chosen to start a trading portfolio, and are mentally prepared for it, then I shall introduce guidelines on starting it and briefly go through the available financial instruments which, in my opinion, could form up the portfolio.

How Much Should I Start With?

There is no rule of thumb on how much you should start with on a trading portfolio, but definitely not using the entire investment amount. Minimally, I would go for at least S\$1,000 as seed money to begin with. For Bedokian Portfolio investors, you may consider hiving off that amount from the 5% to 10% cash portion, and/or probably the next spillover monies from your emergency funds to create it.

Percentage wise, I would opine that the trading portfolio be no more than 10% of your investments in the beginning; that means if your investing portfolio is less than S\$10,000, it is better not to start it until it gets larger.

Portfolio Fund Management Guidelines

It is imperative that some guidelines need to be put in place on managing the trading portfolio, specifically on the management of its

funds. Although you may be psychologically ready, but there are probably times when things can get a bit carried away, and mistakes usually occur at this juncture, an example of which is adopting a chronic gambling approach, thinking the next punt could be the winning one.

The following are guidelines and I recommend adhering to them.

Be prepared to lose the amount - The speculative and volatile natures of trading meant that the possibility of losing some, most or all the amount in the portfolio is very real, so you need to prepare for this outcome.

Set a funding rule - To minimise the risk of over-committing the trading portfolio, it is preferred that a rule be set to fund it, either by quantum or a percentage of cash injections into your Portfolio Multiverse.

Never forget the objective - Remember that the trading portfolio is but one of your possible few portfolios in your Portfolio Multiverse, and they should be working together. This means profits and proceeds from it could either be fed back to itself or transferred to other portfolios as cash injections.

Assets/Financial Products for the Portfolio

Basically, any asset and financial products can be used for trading, but to simplify things a bit, I introduced two either-or conditions that differentiates between one for investing, and one for trading.

Condition #1: It is a derivative/cryptocurrency - Derivative financial instruments include options, futures, contracts-for-difference (CFDs), inverse and/or leveraged products, etc., and cryptocurrencies (including

Bitcoin, altcoins and stablecoins), plus any fund (e.g., exchange traded funds or ETFs) that holds any of the aforementioned products (e.g., covered call ETFs and crypto ETFs)². I will address some of these derivatives and cryptocurrencies in the next couple of sections.

Condition #2: Short to mid-term holding period - For plain vanilla securities like equities, the holding period is planned to be short, ranging from seconds to less than 10 years, the latter preferably five years or less.

These two conditions cover the traits of speculation and volatility encountered in trading, thus marking their suitability in the trading portfolio.

It is up to the individual to deck out whichever assets or financial products in his/her trading portfolio, if he/she understands how they work, and suitability according to risk appetite and tolerance. There is also the trading style, which I will cover later in Chapter 3.

Types of Derivatives

Derivatives are a category of financial instruments that derive (the root word) their value from an underlying asset. In other words, you do not really own the asset using derivatives, but rather they sort of mimic it by following the value.

Conventional investment literature stated four main derivative types: futures, options, forwards and swaps. There are secondary ones like

² As direct exposure in crude oil is mainly through futures, an exception is made for classifying crude oil ETFs (which have the said futures in its holdings) as investment within The Bedokian Portfolio's commodities asset class. However, these ETFs can be included for trading purposes, too.

warrants, contracts-for-difference (CFDs) and daily leveraged certificates (DLCs).

Futures - Futures are obligatory contracts that grant one party to buy from or sell to the other party an underlying asset at a set price on a future date. They are traded in exchanges and commonly used on commodities and indices.

Options - Options are contracts that grant one party the right, but not the obligation, to buy from (for a call option) or sell to (for a put option) the other party an underlying asset at an agreed price (known as strike price) within a stated timeframe. Options can be used on any asset, even on other derivatives such as futures.

Forwards - Forwards are over-the-counter (OTC) contracts that are similar to futures, with the difference being the former is customisable while the latter is standardised.

Swaps - Swaps are OTC contracts in which liabilities or cash flows of assets or other macroeconomic indicators (interest rates and foreign exchange rates) are exchanged between two parties either for risk management or speculation.

Warrants - Warrants are akin to options, i.e., “the right but not the obligation” feature, but only on equity counters as they are issued by the companies themselves.

Contracts-for-Difference (CFDs) - CFDs allows a trader to enter a contract with a brokerage to speculate on the price movement of an underlying asset.

Daily Leveraged Certificates (DLCs) - DLCs track assets like company share prices and indices. They come in two main types, long and short,

and have different leverage tiers (e.g., the Singapore Exchange (SGX) DLCs come in three, five or seven times).

Futures, options, warrants, CFDs and DLCs are more commonly used by retail traders as compared to forwards and swaps, which are typically in the domain of institutional investors.

For the uninitiated whose market knowledge is based mostly on straightforward securities, dealing in derivatives themselves is a daunting task. However, the past couple of decades had seen the emergence of bundled products in the form of ETFs that save investors the hassle of understanding the intricacies of derivative contracts. This brought about a wide range of ETFs like leveraged, inverse, leveraged inverse, covered call (option), etc.

Types of Cryptocurrencies

A relatively new asset that emerged from the shadows of the Global Financial Crisis (GFC) in 2009, with Bitcoin being the first. Cryptocurrencies (or cryptos for short) are gaining widespread popularity and traction in recent years.

There are a few ways to classify cryptos based on their structure and functionality (e.g., proof of work, proof of stake). From a trading viewpoint, I will sort them instead into three types: Bitcoin, altcoins and stablecoins.

Bitcoin - Bitcoin (BTC) was the first to exist and has currently the largest market capitalisation amongst all cryptocurrencies. BTC was preprogrammed to hit the maximum limit of 21 million, thus with this

finite supply, it was dubbed by many investors and traders as “digital gold”.

Altcoins - Altcoins, or alternative coins, is any cryptocurrency that is not BTC. There are many altcoins around, but the famous ones are Ethereum (ETH), which presently has the second largest market capitalisation, along with Ripple (XRP), Solana (SOL), etc. Besides being a currency, some altcoins like ETH and SOL could serve real-world applications such as smart contracts and payment settlements.

Stablecoins - Stablecoins are technically altcoins, but their special characteristic is they are viewed as more stable than the other volatile cryptocurrencies, mainly because they are pegged to a particular currency, usually the United States Dollar (USD), or some other asset. Stablecoins could be regarded as digital cash but are typically used as a holding or container for further cryptocurrency transactions and/or transfers instead of using real fiat money to do so.

Finding a Suitable Brokerage

After you had settled on what type of assets and financial instruments to trade on, the next step would be to look out for a brokerage platform that has access to them. Not all brokerages have access to everything, so some further reading of the brokerage websites and inquiries should be done beforehand. It is alright to make use of the brokerage that holds your investment portfolio if they have the works, though personally for myself I have a couple of platforms only meant for trading due to their product availability and for brokerage diversification.

The advent of low-cost brokerages available recently had brought about an increased convenience and cost efficiency with regards to trading, as

their platforms can be accessed on-the-go via mobile devices, and the transaction fees are competitive across. It is recommended to go for regulated and licenced brokerages to vastly reduce the possibility of fraud and mismanagement.

Chapter 3

Trading Styles

In this chapter, I will introduce the common trading styles used by traders and the several ways of finding out which is suitable for you and what to look out for should you adopt them.

The Four Trading Styles

The four trading styles are generally defined by the amount of time between the execution of trades, typically a cycle of a buy/sell (or sell/buy if shorting), and are applicable to both assets and derivatives. Hence, on top of your know-how of trading assets and financial instruments, you also have to know which style is appropriate for you.

The four trading styles are:

Scalping - For scalping, execution of trades lasts only from a few seconds to a few minutes, and that meant constant monitoring of the price movements. Traders who adopt this style would normally make multiple of such trades in a day, sometimes with leverage to amplify returns.

Day Trading - Less intense and longer holding period than scalping, day trading trade executions are made within one day, between market opening and market closing. Day traders tend to trade different counters simultaneously and/or the same counter a few times throughout the day. Like scalping, leverage is likely used.

Swing Trading - The holding period for swing trading is between several days to several weeks, hence monitoring of the markets can be less frequent than scalping or day trading.

Position Trading - Position trading involves holding onto a counter from a few months to a few years, and that led to a notion that the style sits somewhere between trading and investing due to the long period.

The rushed and intense nature of scalping and day trading implied that the trader is required to sit in front of the screen and make quick decisions while the variables of the market are flowing around you, like rafting down a strong rapids. A high mental alertness and emotional discipline is needed, and of course the time taken suggested that it is not for people with day jobs.

Many scalpers and day traders had developed numerous models and methods to carry out their trades, and there are no fixed ones because these play into the traders themselves as there are other intangibles built in, like their own mental and psychological state. In other words, each scalper/day trader is unique on his/her own.

If you are coming from an investing background (and still has a day job), then perhaps you may want to start off swing and positional trading. The longer holding duration of these two styles allow some time for basic analysis either through fundamentals or technicals, and from them, to form up an entry and exit strategy.

Other Trading Styles

There exist other trading styles not limited to the concept of time, and I will briefly go through some of them:

Momentum Trading - Traders using momentum trading identifies and relies on a prolonged movement of prices, usually on a short time duration.

Trend Trading - Similar to momentum trading on utilising price movement directions, but on a longer time horizon.

Arbitrage Trading - Arbitrage is the act of profiting from price differences of the same asset across different markets.

Contrarian Trading - The opposite of momentum and trend trading, contrarian traders "go the other side", banking on the eventual reversal of direction in their favour.

Algorithmic Trading - Algorithmic trading involves the use of computer programs or algorithms with a defined set of rules, resulting in fast trades in just milliseconds.

Some of the trading styles described here are easy to implement: an example is contrarian trading which is like contrarian investing. For algorithmic trading, however, a high degree of technical and programming skills is needed to set up and carry it out.

Finding the Right Style

Eventually you may have to settle on your preferred trading style, depending on your knowledge and usage of the various assets and financial instruments, the time made available to you, and not forgetting the main objective of having the trading portfolio in the first place, i.e., it is to supplement your other portfolios within the Portfolio Multiverse. Do not get carried away and neglect your other portfolios, or worse spillover the trading habits to the rest. Hence, the “paradigm switch” that was mentioned earlier is important in keeping the separation.

Chapter 4

Price Actions and Discovery

We have now come to the chapter where what trading is all about: price. To make a profit, we need to buy low and sell high, and finding those lows and highs are not a walk in the park. While it is not possible to get the exact price level that we want in a trade, this chapter would attempt to assist you in finding the right price.

Determining Price

The price of an asset or security is determined by three factors: demand, supply and market sentiment, and that is it. However, the mechanics and thoughts of going into those three factors are the main challenges, for there are different interpretations by market participants on ascertaining the final price value.

There are many ways out there that could (more or less) work out the ideal price of the moment, though all of them are not scientifically proven. Reason being is we are trying to tell the future, and it is a fact that no one can tell it with a hundred percent accuracy all the time. Hence, to compensate, we have to rely on estimated guesses, i.e., "guesstimate", based on past and present data and information, to bring our predictions as close as possible to the eventual outcome.

Traders use all sorts of tools and methods to help them in guesstimating the prices so they can execute trades for a profit. The common ones utilised are price charts with various overlays of lines and curves, and

statistics like the highest/lowest price or average price over a set period, etc.

I will touch on some of the tools and methods in the next few sections, including those which I used it for myself.

The Candlestick

The marubozu, known as the “candlestick” by traders, is a simple graphic that captures five essential price data points within a given period. These are: opening price, closing price, highest price reached (high), lowest price reached (low), and bullish (price up) or bearish (price down). See Figure 4.1 for the pictorial description.



Figure 4.1: The candlestick or marubozu.

For the colours, the standard across most markets is green for bullish and red for bearish. In east Asian markets (China, Japan, etc.), it is the other way with red representing bullish and green/blue representing

bearish. For black and white printed literature, white is bullish and black is bearish.

Not all candlesticks will turn out nicely as seen in Figure 4.1. The body of the candlestick could be long, short or barely visible, and the high and low lines (called "wicks") could be long, short or not existing at all. Figure 4.2 shows some of the candlestick variations, and it is not exhaustive.

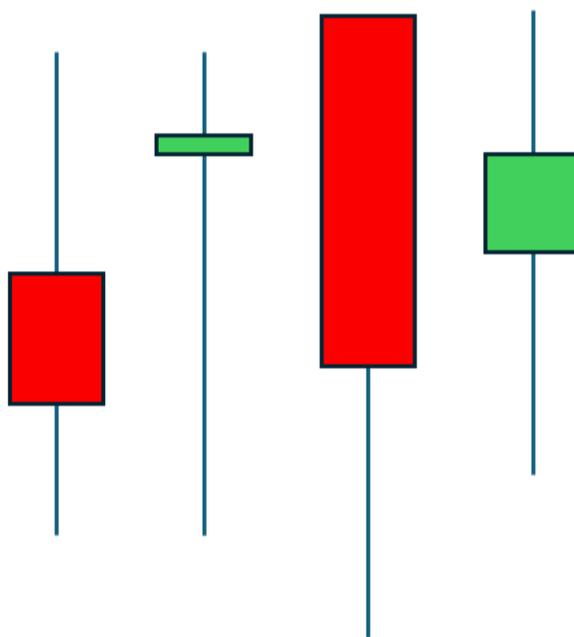


Figure 4.2: Different candlestick variations.

The candlesticks, when arranged across periods, form patterns, from which traders would, along with other technical indicators (see next section), identify and apply them to predict the subsequent price movements. There are many patterns around, with names attached to them, like "inverted hammer", "morning star", "spinning top", etc., that I recommend reading up from other sources on what they are and look like.

Technical Indicators

Technical indicators are used in conjunction with candlestick patterns to provide a better picture in decision making. Some indicators, like support and resistance lines and trend lines, can be drawn out by approximation. Most others are based on mathematical calculations and averaging of past price data points, and with price charting tools (available for free on some online finance websites), lines and curves (e.g. Moving Averages or MA lines) can be overlaid onto the candlestick charts, and a separate chart can be brought up (e.g., Relative Strength Index or RSI) to give additional information.

There are four types of technical indicators, and I will summarily describe what they are and give some examples.

Trend indicators - Trend indicators are used to identify and follow the prevailing direction of the price trend, i.e., whether, going up, down or sideways. Examples include MA and Moving Average Convergence Divergence (MACD).

Momentum indicators - Momentum indicators measure the strength and speed of the price movements, allowing a trader to identify potential pivot points in a trend. Examples are RSI and Stochastic Oscillator.

Volume indicators - Volume is the amount of trading activity (buying and selling) and it could possibly tell the strength of a price trend. Examples are On-Balance Volume (OBV) and Money Flow Index (MFI).

Volatility indicators - Volatility indicators tell the speed and magnitude of price changes. Main examples are standard deviation (SD) and implied volatility (IV).

Candlesticks, together with technical indicators, form up an analytic methodology called technical analysis, or TA. The subject of TA is very huge and wide, with whole books written just about it alone. As I would not be covering further on TA in this eBook, do read up further on them if you are interested.

Price Observations

Besides using TA, another method would be what I called “price observation”, where I would use historical price points without much need for indicators. Here are two price observation techniques that may be of help to you.

52-Week High/Low - Traders and investors use the 52-week high/low (52WH/L) as a price indicator for their buy/sell transactions. For myself, after an asset/counter is identified for trading, and if the current price is within the bottom 30% of the 52WH/L range, it is a buy opportunity. If the price goes up to within the top 30% of the 52WH/L range, it is a sell opportunity.

“10%-Rule” - This rule is derived from the “10-30 Rule” that I had mentioned in *The Bedokian Portfolio*³, which is a process of deploying the cash portion of the investment portfolio depending on the index/price level drop. Basically, you add the closing prices of the first trading day and last trading day of last year, divide the sum by two, and then multiply the result by 0.9, which would be the potential entry price.

Multiple points of entry/exit can be applied to the above techniques. For the 52WH/L, you could set quartiles or quintiles between the price

³ *The Bedokian Portfolio (2nd edition)*, p131-133

points for multiple ranges. In the "10%-Rule", lower ranges below could be derived by multiplying the result further by 0.8 and 0.7.

Stop Loss

Stop loss is the act of preventing further losses if a trade is heading south (or north, for shorting trades), usually by designating a price point.

There is no hard and fast rule in fixing at where the stop loss should be. Having a stop loss too early and you may miss the recovery of the asset/security after a minor pullback, while having a stop loss too late and the losses are far more than you had anticipated it.

There are two major characteristics on how to set a stop loss:

Volatility of the asset/security - The more volatile an asset/security price is, the larger the swing it goes, so the stop loss should be set larger than the less volatile ones.

Market trend - If the asset/security price is shown to go strongly in a direction, the stop loss should be adjusted accordingly so that the gap remains constant as the price moves along.

Once you had found your suitable settings and established a guideline or rule for yourself, stick to it. Also, emotional control is important, too, especially when your stop loss is activated but the opportunity cost is a subsequent profit later; there is no way in knowing the outcome with a high rate of accuracy.

The Final Word

Again, I need to re-emphasise that there is no one way to come out with the price, and different people have their own entry/exit prices. The methods mentioned in this chapter serves as a guide, and could be mixed and tweaked according to your own price discovery system. Remember the adage "past performance is not indicative of future results" holds true even for prices. We can only use figures and information as a guide to help us be better informed of the potential future price.

Chapter 5

Tips and Strategies

If the title of this chapter sounds familiar, yes, there is one with the same name in *The Bedokian Portfolio*. This is the place where I will share some of the tips and strategies that I find do not belong to any of the previous chapters, but worth mentioning nonetheless.

Try On a Demo Account

Beginner traders tend to be enthusiastic in their trades; be it company securities, writing options, going into cryptocurrencies, etc. As time goes on, these traders had gained valuable experiences and learning points and eventually settle on familiar assets/financial instruments.

This get-go behaviour is understandable as it is a whole new world for them and the willingness to learn is there. What they did not realise is the possible high cost of "education fees" a.k.a. real losses in gaining the experience and finding the right style.

This is where having a demo account with a brokerage comes in handy. In this way, you can try out the various assets and financial instruments, and finding your preferred style, without having to fork out education fees. Some veterans may disagree with this point as their view is that real-world exposure, including the feeling of loss of monies, ingrains the required skills and mould the trading character, i.e., a "trial by fire". The other opinion is that the education fees may become so high that it totally breaks their first steps into trading, and for those who are not

psychologically mature enough or had no prior emotional control via investing, this is a recipe for disaster.

The middle ground, which I tend to agree with, is to use the demo account until you have firmed up a trading style of your own and had conducted enough tests and back-tests, then switch to a funded account later. While education fees would probably need to be paid, at least it is not going to be an expensive learning.

Be Selective

For investing, it is important to diversify your holdings through different asset classes, geographical locations, and sectors and industries, as espoused by my other book *The Bedokian Portfolio*. For trading, however, according to some traders that I had spoken to, is to be selective in the asset/security to trade. One trader that I know of just transacted on the futures of an index, and another focused on very small cap volatile pharmaceutical counters. Their reasoning for their selection is simple: familiarity.

Being familiar to an asset/security brings about the advantage of time saved that can be used on others like managing other portfolios and/or free personal time for oneself. As for where to look for such asset/security, it is up to your preference.

Generally, as a rule of thumb, highly volatile assets/securities are ideal candidates for trading, as their prices would go high and low often over a given time, and this brings the opportunity of profiting, be it going long or going short. Knowing the pattern through TA, and/or its fundamentals if time is allowable, it is possible (but not foolproof) to chart the next sequence of price movements. If going by this way, it is

advisable to test out your style and methods on the asset/security selected, before going in with actual funds.

Long-Term Holding (?)

Up till now, my writing in this eBook has been leaning a lot on short to medium-term holdings going by the types of trading styles stated in Chapter 3, and I have yet to mention about whether is it possible to hold things long-term within the trading portfolio. The short answer is: it depends.

Some assets/financial products could be held for the period longer than what a normal trading period dictates (more than five years by my standard), but these are typically very speculative and volatile (hence their inclusion in the trading portfolio instead of the investment portfolio to my definition), so it is *caveat emptor* for the trader in particular. A relevant example would be cryptocurrencies which some viewed as investments rather than asset for trading, no matter how wildly swinging their prices go. Another is covered called ETFs that have higher-than-normal dividend yields favoured by some but with a limited upside.

Speaking of which, recently we are seeing the emergence of retail-friendly financial products where derivatives and cryptocurrencies are packaged into ETFs, like the aforementioned covered call ETFs, Bitcoin ETFs, etc. that allows layman traders/investors. Though ETFs may have the impression of being a long-term investment vehicle, it is not for some like leveraged and inverse ETFs, whose volatility decay and daily reset mechanism make it only worthwhile to hold for short periods.

Trade Convert to Investment

Is there a chance that a trade would eventually become an investment and be moved to the investment portfolio?

Yes, it does happen and I had done it a couple of times at least, particularly on equities. The gist is simple: through FA, if you feel that the counter is a keeper and has long term potential rather than be a trading item, then just do the shift.

The real problem comes more on the administrative front, and that is if the counter is sitting in your trading brokerage instead of your investment one. For this, if there are no additional charges in keeping the counter (e.g., custodian fees), then just leave it there as it is. Else, you may want to use the ACATS (Automated Customer Account Transfer Service) for transferring between brokerages, and there would be fees involved. Therefore, you need to weigh the cost between keeping at the current brokerage and transferring to the investing brokerage.

Appendix

Technical Analysis Toolbox

For this appendix I would share what are the indicators and methodologies used in my TA toolbox. As TA is unique for every trader, it is your choice whether to adopt, reject or integrate the suggested tools here. Do note that I use TA as one of the tools for price discovery in my trading and investing decisions, and it is not the main determinant factor in my buy or sell call.

The Bedokian's TA Toolbox

The following table shows the TA settings for my position trading and price discovery for investing:

Type	Position Trading	Investment Price Discovery
Chart Time Frame	6 to 18 months	3 to 5 years
Price Interval	Weekly	
Relative Strength Index (RSI) Period	14	
RSI Overbought / Oversold Levels	70 / 30	
Support / Resistance Levels	Peak and trough, using alternate past highs and lows as support / resistance levels	

It is unsurprising that my settings are rather conventional and nothing to shout about; after all, TA forms one part of my mechanisms for my call decisions.



Scan the QR Code above to access The Bedokian Portfolio's blog.

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