

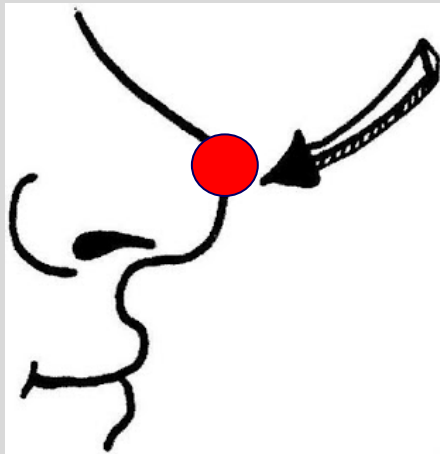
Investing for Successful Retirement

UD Osher – OLLI
Spring 2025

- **Rajeev A. Vaidya**
- **Ron Materniak**

Disclaimer in plain language

Disclaimer – in plain language:



Opinions are like noses, everyone has one !

You are going to see mine in this course !!

We are simply sharing our perspective.

This is not investment advice or recommendation.

Ron, and I are not a financial advisors.

This course is for educational purposes only.

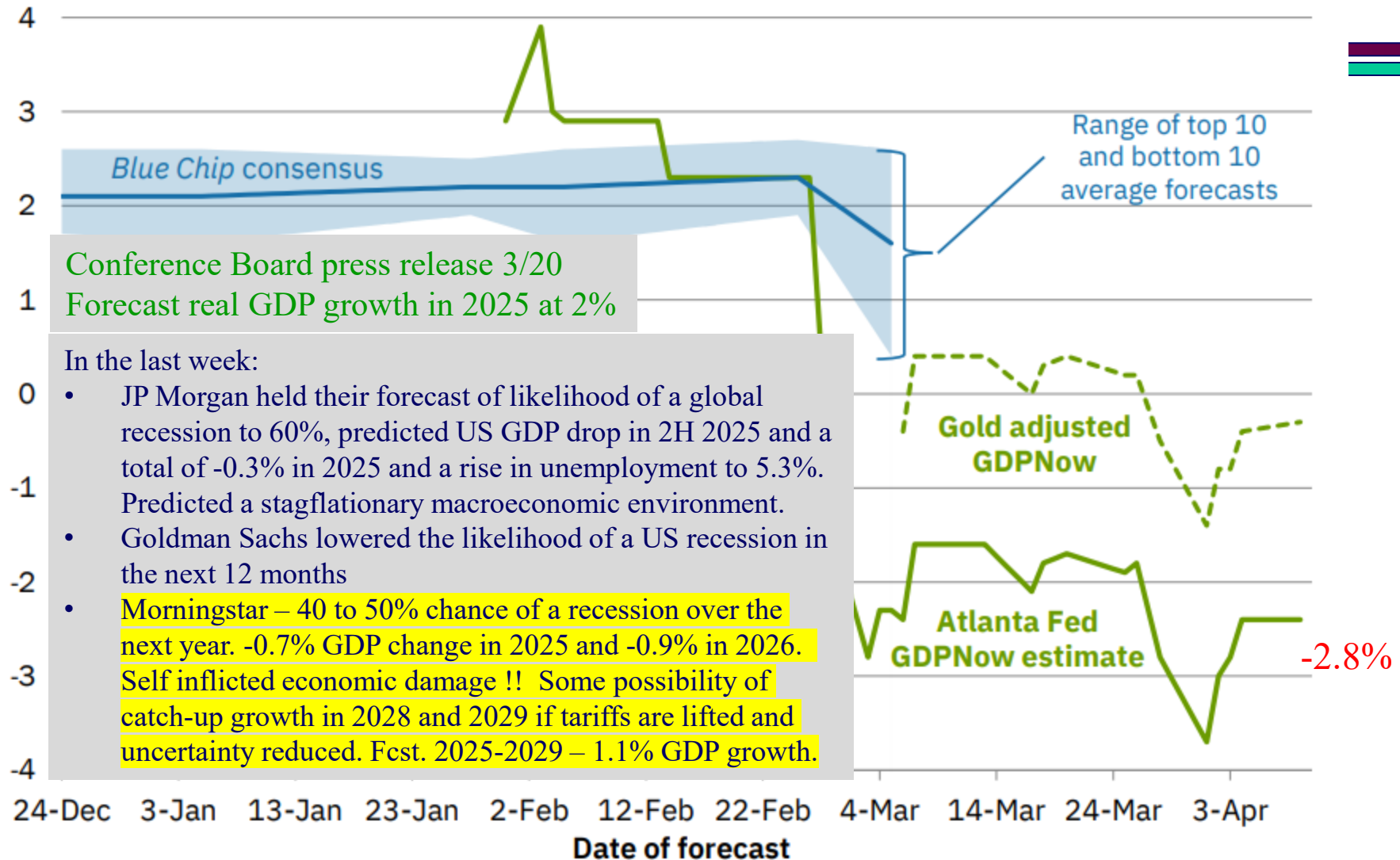
Form your own opinion, make your own investment decisions.

Eleventh Class – Apr. 16nd

- Market Update
- You only make money when you sell

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q1

Quarterly percent change (SAAR)



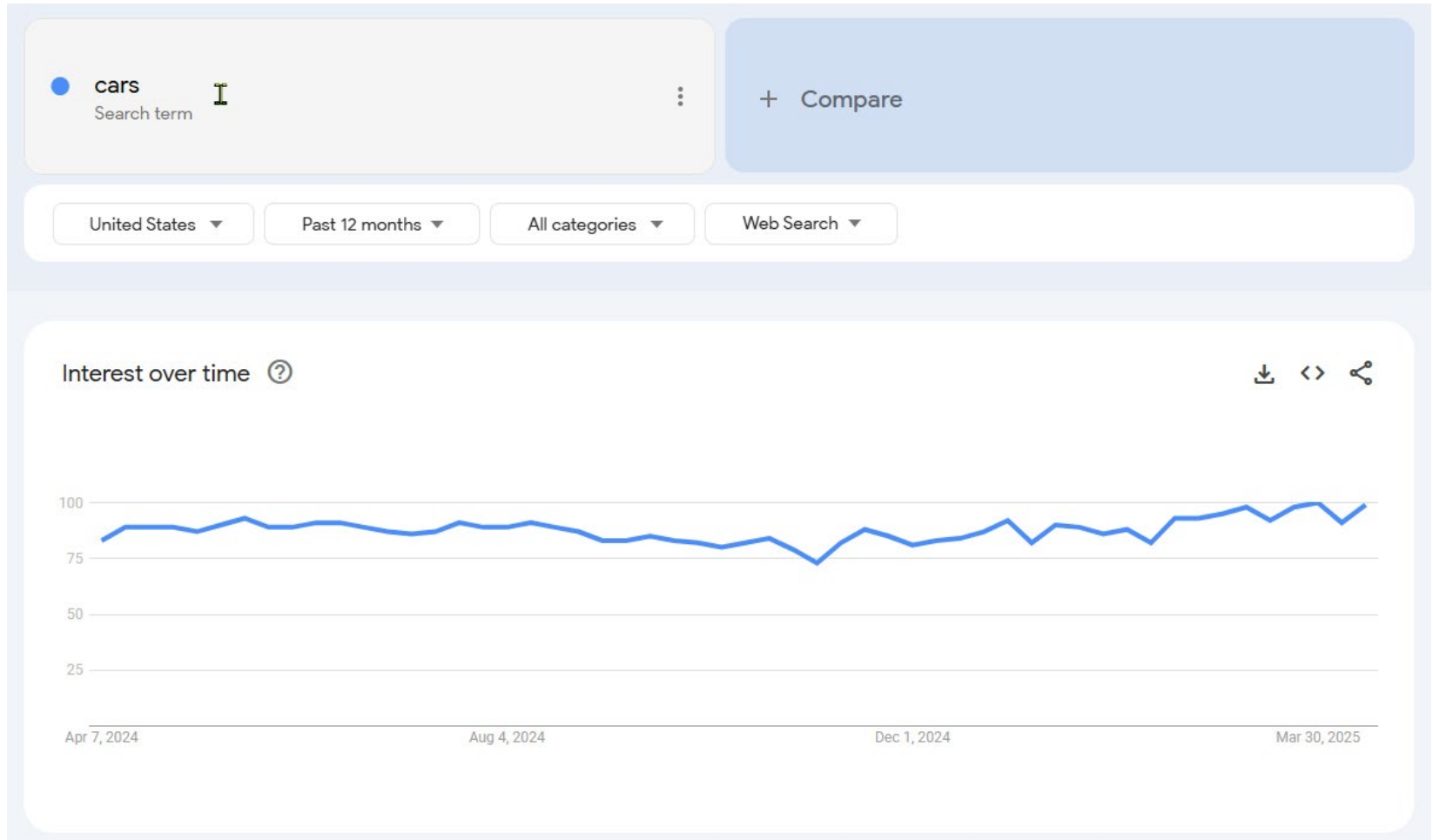
Conference Board press release 3/20
Forecast real GDP growth in 2025 at 2%

In the last week:

- JP Morgan held their forecast of likelihood of a global recession to 60%, predicted US GDP drop in 2H 2025 and a total of -0.3% in 2025 and a rise in unemployment to 5.3%. Predicted a stagflationary macroeconomic environment.
- Goldman Sachs lowered the likelihood of a US recession in the next 12 months
- Morningstar – 40 to 50% chance of a recession over the next year. -0.7% GDP change in 2025 and -0.9% in 2026. Self inflicted economic damage !! Some possibility of catch-up growth in 2028 and 2029 if tariffs are lifted and uncertainty reduced. Fest. 2025-2029 – 1.1% GDP growth.

<https://trends.google.com/trends/explore?geo=US&q=cars&hl=en>

High Speed (Real time) consumer data



Factset(R) - S&P 500 Calendar year earnings forecast

320

https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_041125A.pdf

300

Factset Earnings Estimates 4/11/25

- Q125 S&P 500 EPS growth 7.3% .. was 11.9% on Jan. 3rd.
- EPS for 2025 - **\$268.49**, \$1.00 lower than 4/4
- EPS for 2026 - **\$306.18**, \$1.25 lower than 4/4
- Fwd. looking P/E = 19.1
- Calculated P/E/G would be $19.9/12.75 = 1.5$
- 12-month target for the S&P 500 **6806**, 30.4% higher than close on 4/11

14.2%

280

Axis Title

260

240

— 2024 EPS
— 2025 EPS
— 2026 EPS

10.6%

CFRA data on 4/11

220

- EPS for 2025 - **\$264.10**, \$1.31 lower than 4/4. **8.2%** growth over 2024. Calc. Fwd. P/E(2025) = 19.8
- EPS for 2026 = **\$302.10**, \$1.75 lower than 4/4. 14.4% growth over 2025
- Calculated PEG = 1.8

200

13-Jan
18-Feb
18-Mar
14-Apr
13-May
10-Jun
8-Jul
5-Aug
23-Sep
21-Oct
18-Nov
6-Jan
3-Feb
3-Mar
31-Mar
28-Apr
26-May
30-Jun
28-Jul
15-Sep
13-Oct
10-Nov
15-Dec
26-Jan
29-Feb
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21-Jun
19-Jul
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27-Sep
25-Oct
22-Nov
3-Jan
31-Jan
7-Mar
4-Apr

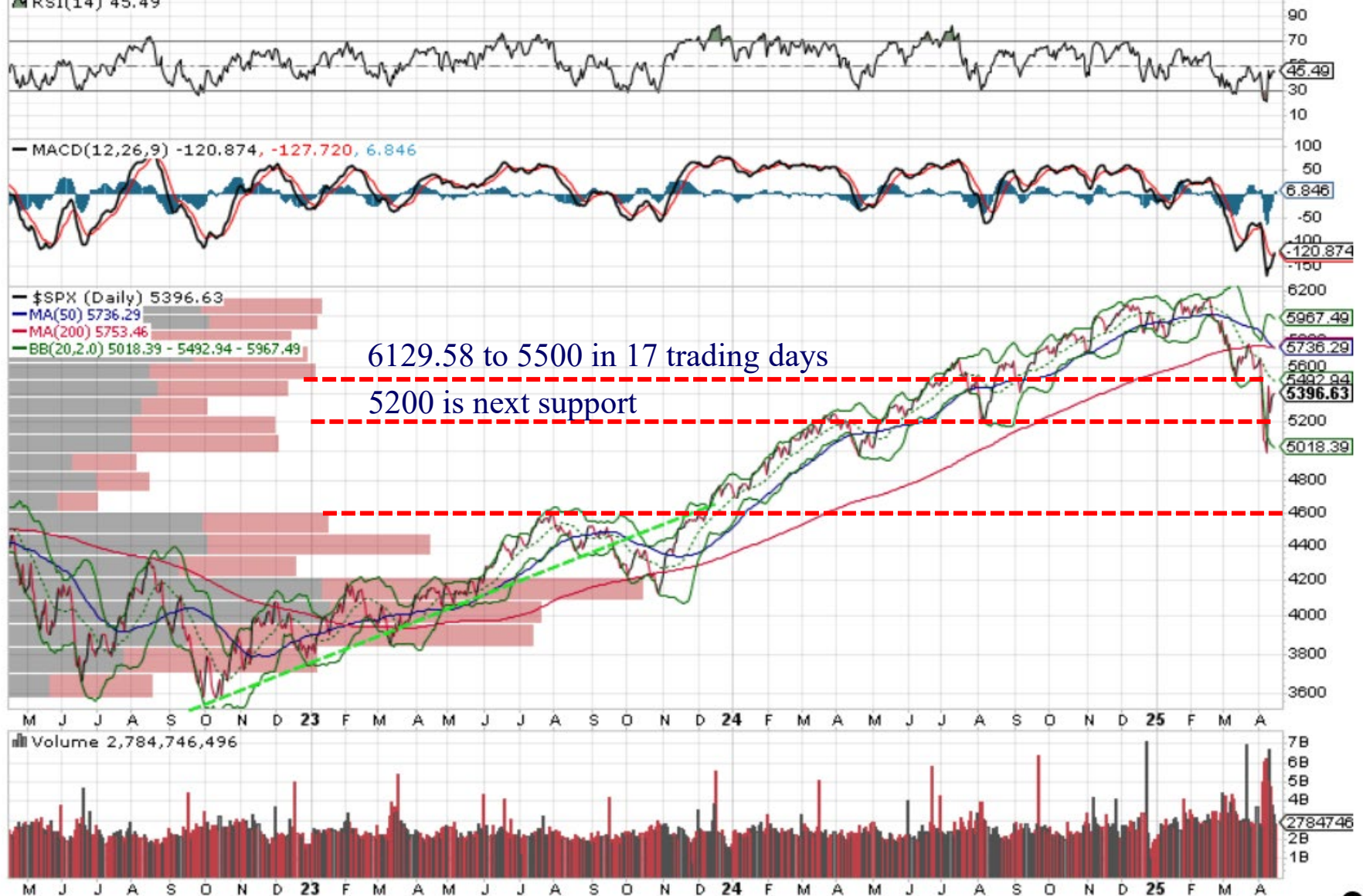
\$SPX S&P 500 Large Cap Index INDX

15-Apr-2025

© StockCharts.com

Open 5411.99 High 5450.41 Low 5386.44 Close 5396.63 Volume 2.8B Chg -9.34 (-0.17%)

▲ RSI(14) 45.49



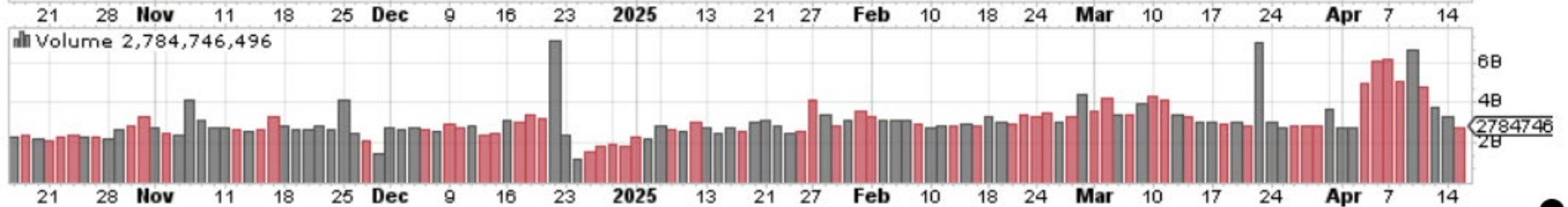
\$SPX S&P 500 Large Cap Index INDX

15-Apr-2025

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Open 5411.99 High 5450.41 Low 5386.44 Close 5396.63 Volume 2.8B Chg -9.34 (-0.17%)

▲ RSI(14) 45.49



The facts on what happened on 4/9

- 2018 – Under Trump's first term
 - Elon Musk tweets – “Funding Secured” on rumors of taking TSLA private at \$420/share
 - TSLA stock jumps 11% ... short lived bounce
 - SEC goes after Musk for market manipulation – suit settled for a total of \$40 million.
- 2025 – Trump's second term
 - On April 9th at 9.37am the President posts on Truth Social – “This is a great time to buy!! DJT”. Volume on DJT surges. Volume on SPY does not.
 - At 1.15pm the Whitehouse announces a 90-day negotiation period on tariffs for all countries except China. Volume on SPY and DJT surge.
 - Between 1.10 and 1.25 PM the S&P 500 jumps up 200 points. Closes up 11%
 - DJT stock is up 22% for the day – gains for Trumps 53% holdings are \$415 million.
 - Later, the President tells reporters that he made the decision sometime early in the morning.
 - The above facts are documented on several media sites, and you can find them on perplexity.ai and Microsoft Copilot.
- I have no fundamental or technical tools to predict such action. The only way to benefit from such decisions in the future would be to become an insider by following the President on Truth Social.
 - I won't. It is illegal to trade on inside information.

\$SPX S&P 500 Large Cap Index INDX

15-Apr-2025

— \$SPX (Daily) 5396.63
Volume 2,784,746,496

Open 5411.99 High 5450.41 Low 5386.44 Close 5396.63 Volume 2.8B Chg -9.34 (-0.17%)

© StockCharts.com



\$SPX S&P 500 Large Cap Index INDXX

15-Apr-2025

© StockCharts.com

Open 5411.99 High 5450.41 Low 5386.44 Close 5396.63 Volume 2.8B Chg -9.34 (-0.17%) ▼

— \$SPX (Daily) 5396.63
— MA(50) 5736.29
— MA(200) 5753.46



Volume 2,784,746,496



— \$VIX 30.12



\$NYAD NYSE - Advance-Delay Issues INDEX

15-Apr-2025

Open 40837.00 High 40837.00 Low 40837.00 Close 40837.00 Chg +258.00 (+0.64%)

© StockCharts.com



Market Breadth – another way

SPY SPDR S&P 500 ETF NYSE

15-Apr-2025

Open 539.67 High 543.23 Low 536.81 Close 537.61 Volume 56.3M Chg -1.51 (-0.28%)

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— SPY (Daily) 537.61

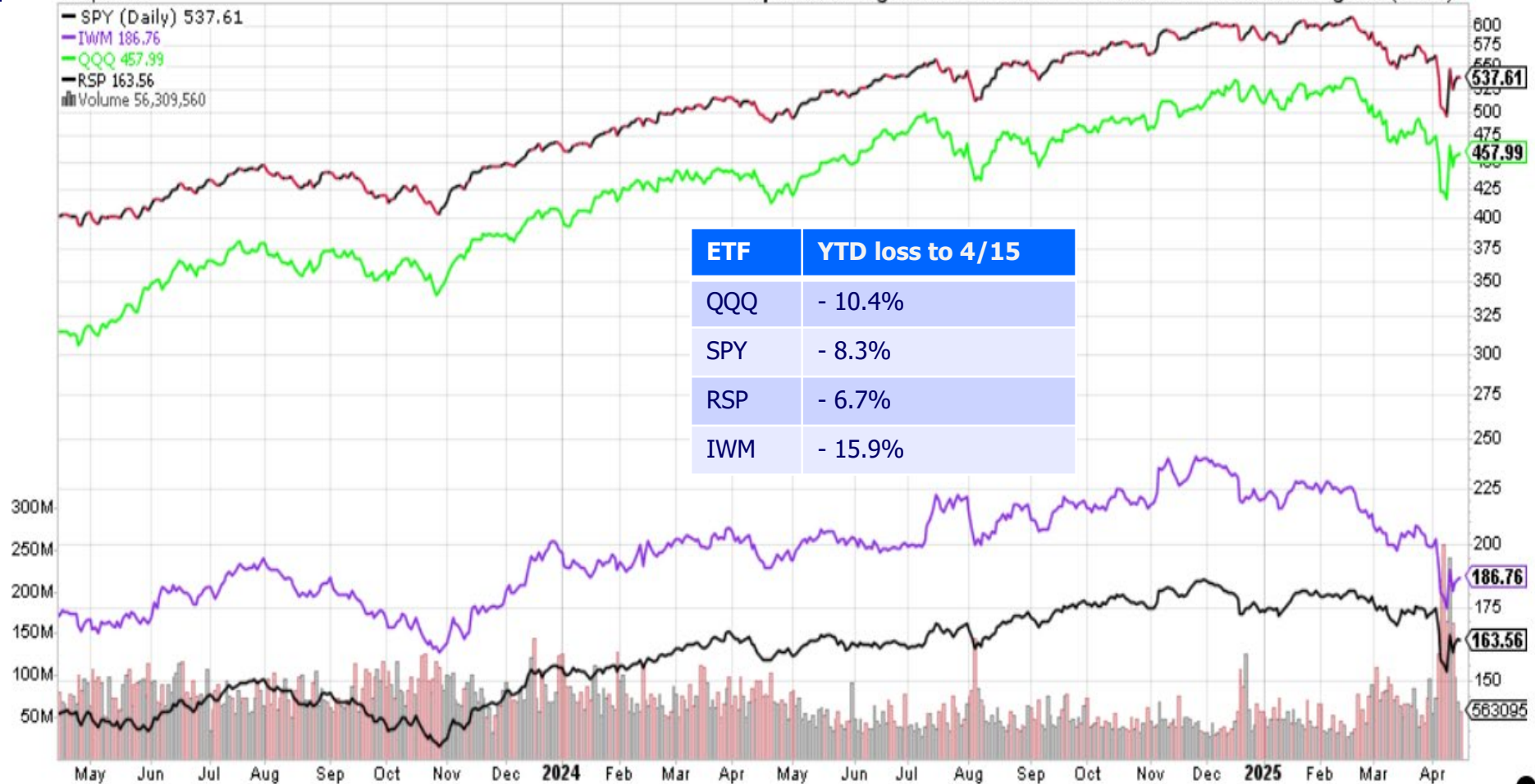
— IWM 186.76

— QQQ 457.99

— RSP 163.56

Volume 56,309,560

ETF	YTD loss to 4/15
QQQ	- 10.4%
SPY	- 8.3%
RSP	- 6.7%
IWM	- 15.9%



This is NOT investment advice

Weekly market direction

Prof. Guy Werner

Guy.werner@verizon.net

COLUMNS CD&E ARE FROM IBD AND ARE PROVIDED BY DAVE (IN THE NORTH) SMITH

COLUMNS CD AND E ARE FROM IBD AND ARE PROVIDED BY DAVE (IN THE NORTH) SMITH			DISTRIBUTION DATA		S&P 500 AVERAGE						S&P 500 TRIPLE SCREEN						NASDAQ TRIPLE SCREEN					
	DATE	MARKET PULSE (IBD)	S&P 500	NASDAQ	20 DMA	MACD	RSI	CLOSING	Δ	%CHANGE	20 DMA	MACD	RSI	CLOSING	Δ	%CHANGE	20 DMA	MACD	RSI	CLOSING	Δ	%CHANGE
SAT	03/29/25	FOR THE WEEK							-482	-0.96%					-87	-1.54%					-482.00	-2.60%
SUN	03/30/25	YTD							-961	-2.26%					-301	-5.12%					-1,988.00	-10.38%
MON	03/31/25	MARKET IN CORRECTION (0% -20%)			F	P	F	42,001	418	1.01%	F	P	F	5,811	31	0.68%	F	P	F	17,299	-23.00	-0.13%
TUE	04/01/25	MARKET IN CORRECTION (0% -20%)			F	P	F	41,999	-12	-0.03%	F	P	F	5,830	22	0.39%	F	P	F	17,449	150.00	0.87%
		MARKET IN CORRECTION (0% -20%)																				
WED	04/02/25	"LIBERATION DAY" - MY ASS			F	P	F	42,226	237	0.56%	F	P	F	5,870	37	0.68%	F	P	F	17,691	152.00	0.87%
THUR	04/03/25	MARKET IN CORRECTION (0% -20%)			F	0	F	40,545	-1,681	-3.98%	F	F	F	5,396	-274	-4.83%	F	F	F	16,550	-1,051.00	-6.97%
FRI	04/04/25	MARKET IN CORRECTION (0% -20%)			F	F	F	38,314	-2,231	-5.50%	F	F	F	5,974	-322	-5.97%	F	F	F	15,587	-863.00	-5.83%
SAT	04/05/25	FOR THE WEEK							-3,264	-7.86%					-506	-8.07%					-1,735.00	-10.02%
SUN	04/06/25	YTD							-4,250	-9.94%					-807	-13.72%					-3,723.00	-19.28%
MON	04/07/25	MARKET IN CORRECTION (0% -20%)			F	F	F	37,983	-361	-0.92%	F	F	F	5,862	-12	-0.24%	F	F	F	16,683	16.00	0.10%
TUE	04/08/25	MARKET IN CORRECTION (0% -20%)			F	F	F	37,845	-138	-0.34%	F	F	F	4,982	-80	-1.60%	F	F	F	16,287	-396.00	-2.16%
		MARKET IN CORRECTION (0% -20%)																				
WED	04/09/25	"LIBERATION DAY" - 90 DAY REPRIEVE			F	F	F	40,898	2,983	7.87%	F	F	F	5,456	474	9.61%	F	F	F	17,124	1,857.00	12.18%
THUR	04/10/25	MARKET IN CORRECTION (0% -20%)			F	F	F	39,593	-1,305	-3.50%	F	F	F	5,268	-188	-3.45%	F	F	F	16,387	-737.00	-4.30%
FRI	04/11/25	MARKET IN CORRECTION (0% -20%)			F	F	F	40,212	619	1.66%	F	F	F	5,363	96	1.80%	F	F	F	16,734	337.00	2.06%
SAT	04/12/25	FOR THE WEEK							1,898	4.98%					289	6.70%					1,137.00	7.29%
SUN	04/13/25	YTD							-2,332	-5.48%					-518	-8.91%					-2,684.00	-13.39%
		MARKET IN CORRECTION (0% -20%)																				
MON	04/14/25	REPRIEVE CELL PHONES, COMPUTERS & CHIPS			F	0	F	40,524	312	0.78%	F	0	F	5,405	42	0.78%	F	P	F	16,831	107.00	0.65%
TUE	04/15/25	MARKET IN CORRECTION (0% -20%)			F	P	F	40,358	-156	-0.38%	F	P	F	5,396	-9	-0.17%	F	P	F	16,823	-8.00	-0.05%

https://drive.google.com/drive/folders/0B6Qc_gipshXMclzQ245d2R1eTQ?resourcekey=0-5pWglNqaJPJ12L2qYurMWg

TLT – 20+ yr U.S. Treasury ETF

TLT iShares 20+ Year Treasury Bond ETF Nasdaq GM

15-Apr-2025

© StockCharts.com

Open 87.15 High 88.18 Low 87.04 Close 87.82 Volume 22.4M Chg +0.31 (+0.35%) ▲

TLT (Daily) 87.82

Volume 22,440,838



U.S. Dollar

\$USD US Dollar - Cash Settle FOREX

16-Apr-2025 12:15am

\$USD (Weekly) 99.92

MA(40) 104.64

Volume undef

© StockCharts.com
Open 100.02 High 100.28 Low 99.21 Last 99.92 Chg +0.16 (+0.16%) ▲

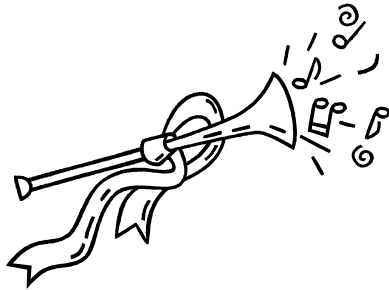


<https://ticdata.treasury.gov/resource-center/data-chart-center/tic/Documents/shla2023r.pdf>

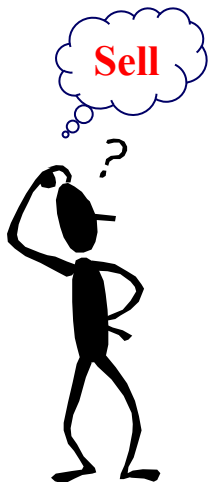
Eleventh Class – Apr. 16nd

- Market Update
- You only make money when you sell

Buy and Hold Anthem



*Heigh ho! Heigh ho!
To buy and hold we go,
Through thick and thin, come bull or bear
we won't, let go!*



Selling – But Why ??

- You need to sell if:
 - You need cash
 - Buying consumes cash ... selling produces it.
 - You want to make a profit
 - Paper profits are worth ... ??
 - You cannot buy with perfection .. if you can, please show me how to.
 - You want to limit your losses
 - The world changes ... I live in one that does all the time.
 - You need to rebalance your portfolio

If this does not apply to you, this talk is not for you. For the rest of us mortals, learning to sell is a useful skill.

Key messages

- Selling is OK
- Match selling strategy to your investment thesis and bucket strategy.
- Three rules.
 - 1. Be impatient with your losers.**
 - 2. Protect your profits**
 - 3. Thinking of selling and selling are not the same**

The psychological barrier

- Hope springs eternal ...!!
 - Buy - hope for a good future
 - Hold - hope for the good future to continue
 - Sell = abandoning hope
- Selling losers = admitting a mistake
- Selling winners
 - What's the rush?
 - What do I do with the money?
- Inertia rules ... Selling requires action.
 - No deadline ... market will always reopen the next day

hope



The tax & fees argument

- You bought 100 shares of stock A at 20 and sold at 50.
- You bought stock B with the proceeds.
- The tax argument against selling:
 - @ **20%** cap gains, tax on sale = \$ 6/share
 - commissions on sale = ~~\$5~~
 - commissions on purchase = ~~\$5~~
 - money invested in B = \$4390
- Stock B has to grow 14% just to get back to \$5000.

***%#&* !!! You never had \$5000 !!!**



You are invited to the party the day I pay \$1 million in cap. gains taxes



Tax phobic vs. Tax smart

- ❑ Don't miss an opportunity to sell and make profits because you are afraid of paying taxes.
- ❑ Tax smart strategies
 - ❑ Tax loss harvesting in taxable brokerage accounts
 - ❑ Using tax deferred accounts for trading
 - ❑ Regular to Roth IRA conversions
 - ❑ Avoid bracket creep. Keep total income within tax and IRMAA brackets
- ❑ Inheritance and taxes
 - ❑ Assets inherited in taxable account get a stepped-up basis adjustment to wipe out prior taxable capital gains.

Disciplined buying

Investment thesis:

This is a good investment because

Entry Point:

This is a good price / entry point to buy because

Position Size:

I can buy XXX shares for my portfolio

If I am right, I will make gains by selling the stock @

Exit Rules:

If I am wrong, I will limit losses by exiting the position @....

70% of the analysis

30%

The selling decision

- The correct questions:
 - Is continued ownership of this equity likely to be:
 - more profitable?
 - consistent with my investment goals?
- Some considerations
 - Is my investment thesis still sound?
 - Is market action consistent with my thesis?
 - Do I need to protect my profits or limit my losses?

Selling decision

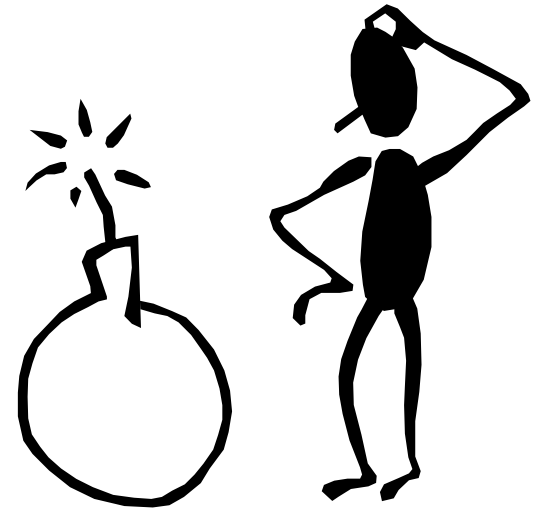
□ The don'ts

- Don't sell on emotion or frustration
- Don't hold based on 'hope', 'faith' or 'attachment'
- Don't hold based on inaction or indecision
 - Holding an equity requires no action
 - default choice through inertia

A good investor repurchases her investments everyday. Graydon Morris, Sunday Times 10/10/02

Selling losers ..

- ❑ Losses Hurt !!!
- ❑ Two golden rules
 - ❑ Rule 1 - Don't lose money !
 - ❑ Rule 2 - when in doubt, reread Rule 1.

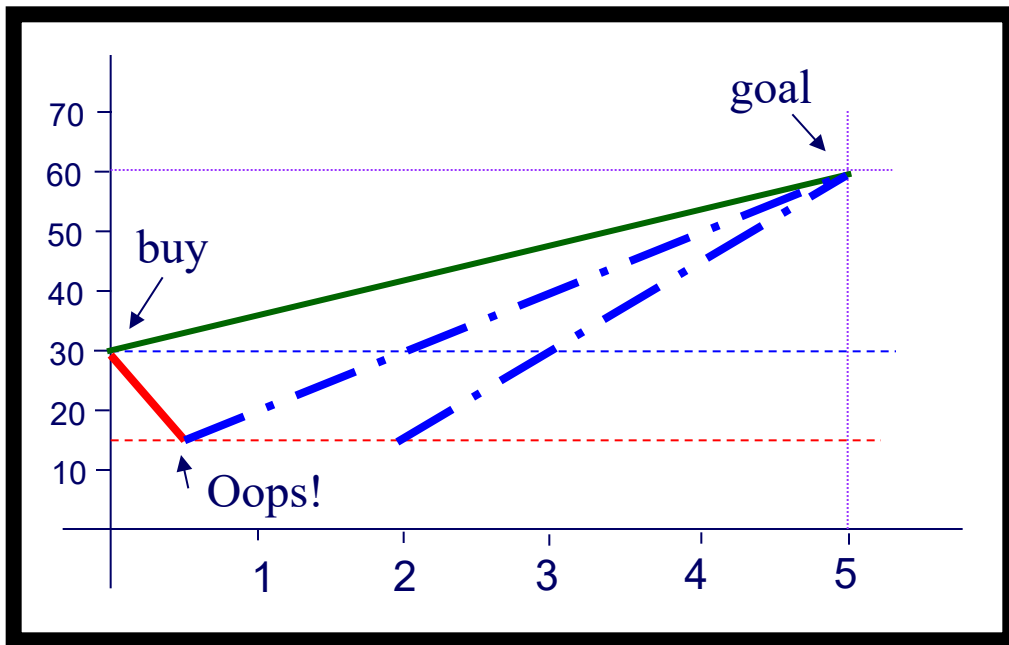


When Wizz goes fizz !!

Patience at what price?

- ❑ You have \$100 on 1/1/03
- ❑ Your **goal** is to have \$200 by 12/31/08
- ❑ You buy WIZZ at \$100 on Jan 1, 2003
- ❑ WIZZ goes ... fizz ... in Feb 2003.
- ❑ Stock price drops 'X%' and stays there
- ❑ You wait for 'y' years
- ❑ From this point, at what annual rate would the WIZZ price have to grow at for you to meet your goal.

Patience necessitates miracles ...



Percent Loss	Years until loss taken	Required compounded return rate to double in 5 years
10	1	22.1%
	2	30.5%
	3	49.1%
	4	122.2%
25	1	27.8%
	2	38.7%
	3	63.3%
	4	166.7%
33.3	1	31.6%
	2	44.2%
	3	73.2%
	4	199.9%
50	1	41.4%
	2	58.7%
	3	100.0%
	4	300.0%

Patience – Portfolio impact?

□ Losses vs. portfolio performance

- You take a \$100 position in each of 10 stocks on 1/1/2003
- Your goal is to have \$2000 by 12/31/08
- 3 positions grow 200%, 150% and 150% in 5 years
- 3 positions grow 20%, 20% and 10% in 5 years
- 1 position loses 20% in 5 years
- 3 positions lose 50%, 50% and 90% in 5 years
- Various selling strategies vs. portfolio performance.
 - How much is your portfolio worth on 1/1/2008?
 - What is the %age return on your \$1000 investment in 5 years?

Losses Hurt !!

Group				A	B	C	D	E	F
Stock	Value at Start	Change in 5 years	Value at end	Hold forever	Sell Losers @ 50% change	Sell Losers @ 40% change	Sell Losers @ 30% change	Sell Losers @ 20% change	Sell losers @ 10% change
A	\$ 100	200%	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300
B	\$ 100	150%	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
C	\$ 100	150%	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
D	\$ 100	20%	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120
E	\$ 100	20%	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120
F	\$ 100	10%	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110
G	\$ 100	-20%	\$ 80	\$ 80	\$ 80	\$ 80	\$ 80	\$ 80	\$ 90
H	\$ 100	-50%	\$ 50	\$ 50	\$ 50	\$ 60	\$ 70	\$ 80	\$ 90
I	\$ 100	-50%	\$ 50	\$ 50	\$ 50	\$ 60	\$ 70	\$ 80	\$ 90
J	\$ 100	-90%	\$ 10	\$ 10	\$ 50	\$ 60	\$ 70	\$ 80	\$ 90
Total	\$ 1,000		\$ 1,340	\$ 1,340	\$ 1,380	\$ 1,410	\$ 1,440	\$ 1,470	\$ 1,510
			6.8%	6.8%	7.6%	8.2%	8.8%	9.4%	10.2%

Act quickly on losers ...

- Early action has benefits
 - smaller losses, better chances of alternatives to meet portfolio goals
- The correct questions:
 - Is continued ownership of this equity likely to be:
 - profitable ?
 - consistent with my investment goals?
 - Is the investment thesis still sound?
 - Why is market action inconsistent with the thesis?
 - What will reverse the market action?
 - ~~What are my other options?~~
 - Is there a better investment to be made? The index fund is always there !!

Profits

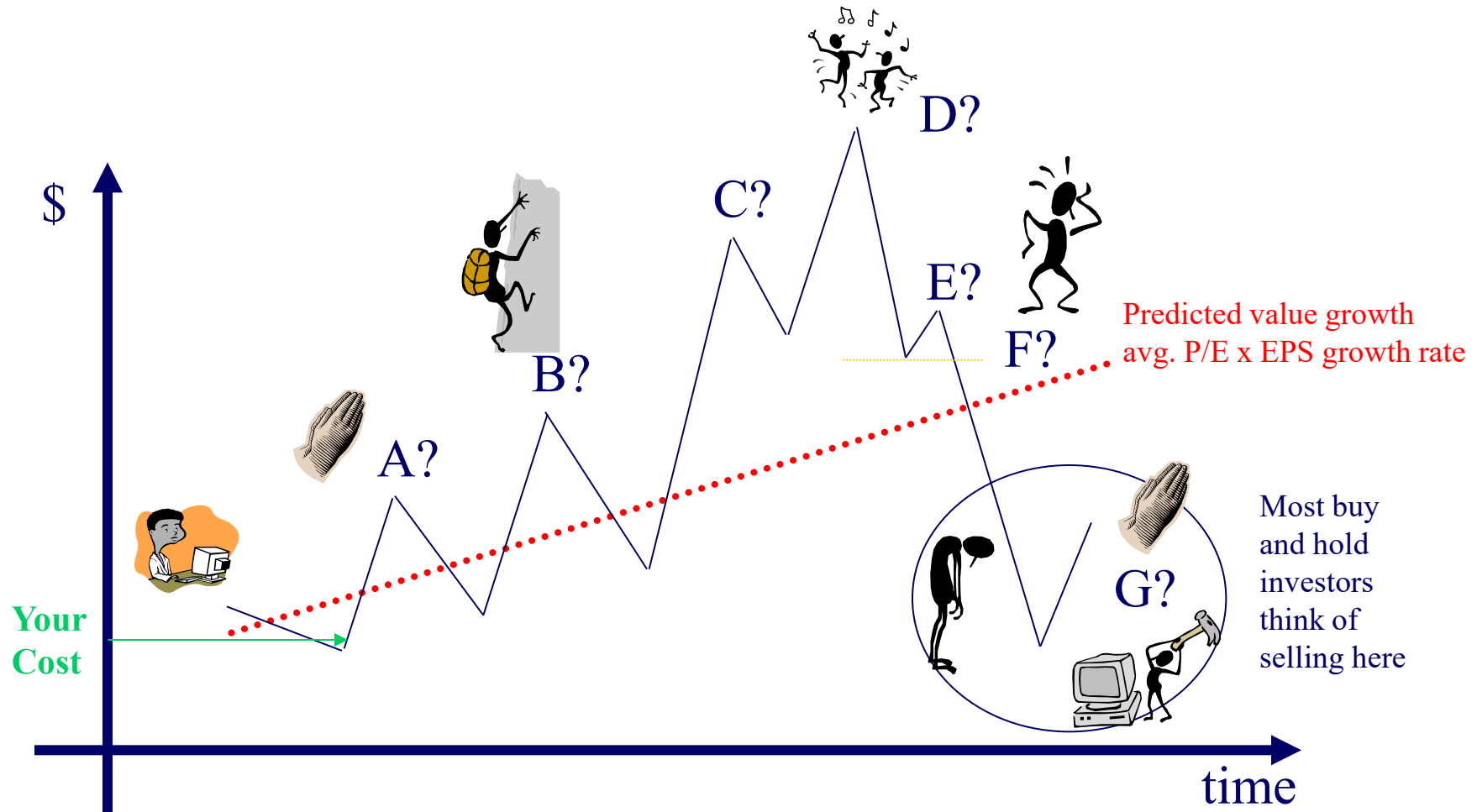
- You don't make money by buying stocks
 - Paper profits are worth.....paper!!
 - You are never wrong taking a profit
- Common reasons for not taking a profit
 - Commission phobia
 - Tax phobia
 - Long term investing = holding forever



Yes ! - be patient with winners

Stock	Value at Start	Change in 5 years	Value at end	Hold forever	Sell winners and losers at 20% change	Sell winners and losers at 50% change	Sell winners at 50% losers at 20%	Sell winners at 100% and losers at 10%	Let Winners Ride, Sell losers at 10%
A	\$ 100	200%	\$ 300	\$ 300	\$ 120	\$ 150	\$ 150	\$ 200	\$ 300
B	\$ 100	150%	\$ 250	\$ 250	\$ 120	\$ 150	\$ 150	\$ 200	\$ 250
C	\$ 100	150%	\$ 250	\$ 250	\$ 120	\$ 150	\$ 150	\$ 200	\$ 250
D	\$ 100	20%	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120
E	\$ 100	20%	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120	\$ 120
F	\$ 100	10%	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110
G	\$ 100	-20%	\$ 80	\$ 80	\$ 80	\$ 80	\$ 80	\$ 90	\$ 90
H	\$ 100	-50%	\$ 50	\$ 50	\$ 80	\$ 50	\$ 80	\$ 90	\$ 90
I	\$ 100	-50%	\$ 50	\$ 50	\$ 80	\$ 50	\$ 80	\$ 90	\$ 90
J	\$ 100	-90%	\$ 10	\$ 10	\$ 80	\$ 50	\$ 80	\$ 90	\$ 90
Total	\$ 1,000		\$ 1,340	\$ 1,340	\$ 1,030	\$ 1,030	\$ 1,120	\$ 1,310	\$ 1,510
			7%	7%	1%	1%	2%	6%	10%

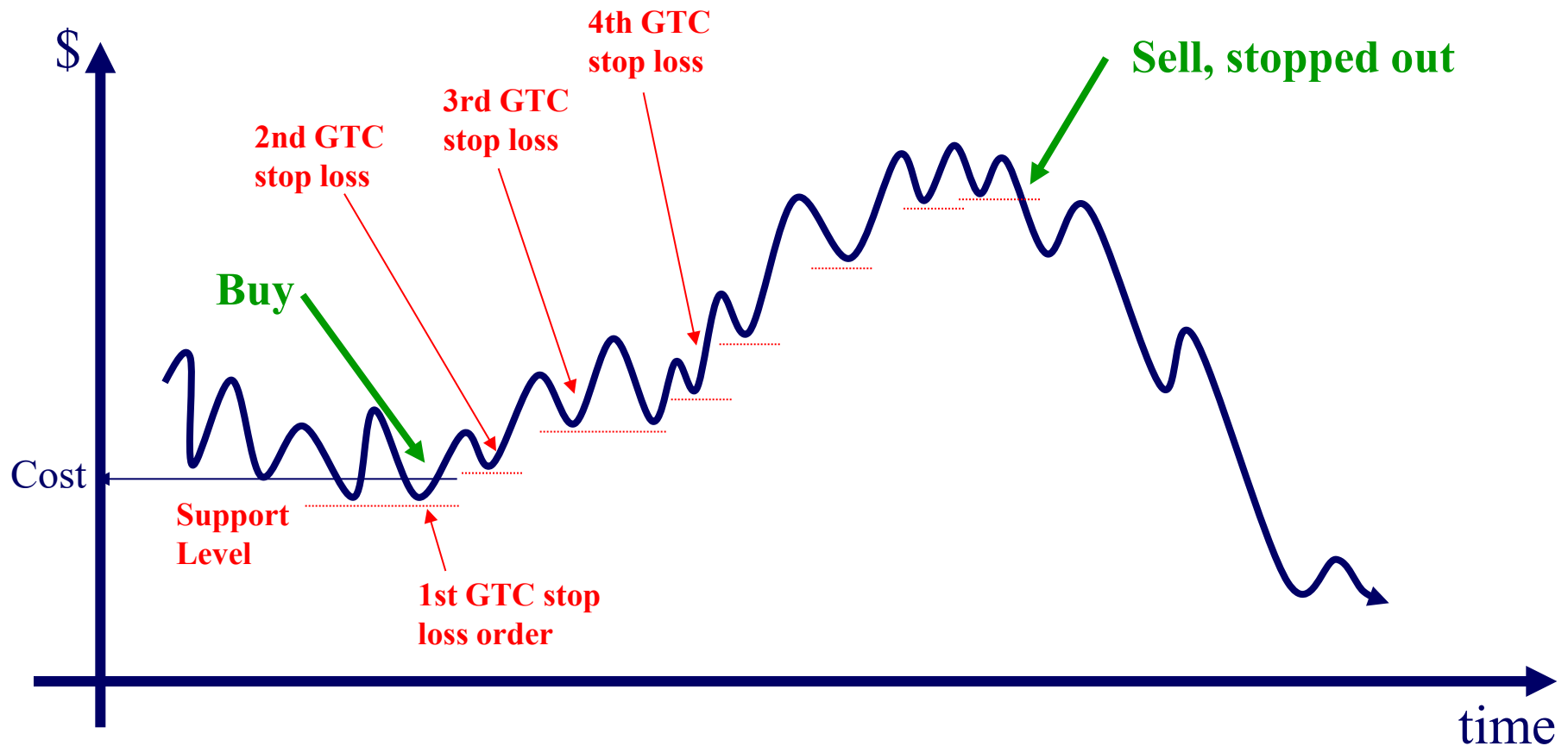
When will you sell?



When will you sell?



Protect gains - stop orders



Stop Loss Orders

- Good way to take 'spur of the moment' emotion out of selling decision
- Good way to act in a timely way w/o watching the ticker tape for a living ..
- Can be used to:
 - limit losses
 - protect profits

Not the panacea – many issues with managing stop loss orders.

Types of sell orders

□ **Trailing Stop**

- Specify the distance between the current market price and the trailing price - either \$amount or %age of the market price.
- Stop price incrementally moves up with the market. Does not move down if the market price declines
- Order executes if the trailing price is reached.

□ **Time horizon on orders**

- Day – valid for that trading day.
- GTC – Good till canceled – valid for between 30 and 90 days.
- GTD – Good till date – valid upto specific date.

<https://www.investopedia.com/university/intro-to-order-types/>

Covered Calls

- **Selling a call option on the underlying stock you own**
 - Typically at a price above the current market price and at your sell target.
 - Sell a call
 - Strike price = your target sell price
 - Expiration date = your sell horizon (typically 30 to 50 days or longer term)
 - Collect the premium
 - Price of the option – you get this when you sell the option and keep it.
 - You have an obligation to sell the underlying at the strike price upto the expiration date.
 - If called, part with the stock at the strike price.
 - If option is not exercised, repeat the process.
- Low risk options strategy to sell a stock at a price above the market.
 - Generate additional income while you wait for the sell order to execute.

Summary - selling winners

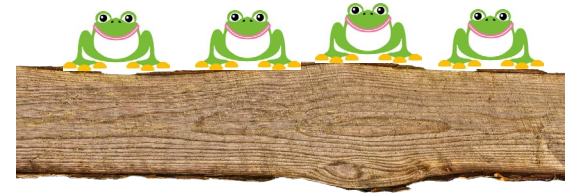
- Patience is a virtue with winners
- Ride a winner through proactive action
- Protect profits
 - stop loss orders, covered calls
 - selling part of a position
- Don't sell a winner and forget it
 - look to rebuy if fundamentals are sound and market gives you a fresh opportunity.

Successful Investing

- Be right more often than wrong
- Be right **BIG** and wrong **SMALL**
 - Take full advantage of your winnings
 - Cut you losses short

A riddle

- There are four frogs on a log
- Two decide to jump
- How many are left?



Thinking about selling and selling are not the same thing.

Key messages

- Selling is OK
- Match selling strategy to your investment thesis and bucket strategy.
- Being Tax phobic does not work, bring tax smart does.
- Three rules.
 - 1. Be impatient with your losers.**
 - 2. Protect your profits**
 - 3. Thinking of selling and selling are not the same**

Last Class for Spring 2025 – Apr. 23rd

- Market Update
- Brief look at how to access data on the UD Library website
- Open mike – ask any questions / discussions
- Closing Feedback surveys
 - Zoom polls
 - Comments on Email are welcome

Thanks !!

- Happy Investing !!

- **My EMail**

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- **Class website**

 - <http://udel.edu/~diyinvst>