Portfolio Manager

In this Chapter

The **Portfolio Manager** is TradingExpert Pro's portfolio tracking and management application. One of its important features is an easy to use stop system. **Portfolio Manager** also records the closing of positions for year-end tax reporting. To help you find new positions, powerful functions are provided to screen your data for trading candidates.

1.   Portfolio Manager overview

The *Portfolio Manager* is TradingExpert Pro's portfolio tracking and management application. One of its important features is an easy to use stop loss system that provides the discipline you need to avoid major losses and protect profits. *Portfolio Manager* alerts you, based on parameters that you specify, when it is time to close your positions. It also records the closing of positions for year-end tax reporting.

Powerful functions are provided to help you find new positions. *Portfolio Simulation* and *Pick of the Day* allow you to access *EDS (Expert Design Studio)* screening rules and use them to create and test mechanical trading strategies. When you have developed confidence in a strategy, it can be accessed at any time to screen your data for trading candidates.

Portfolio Manager toolbar
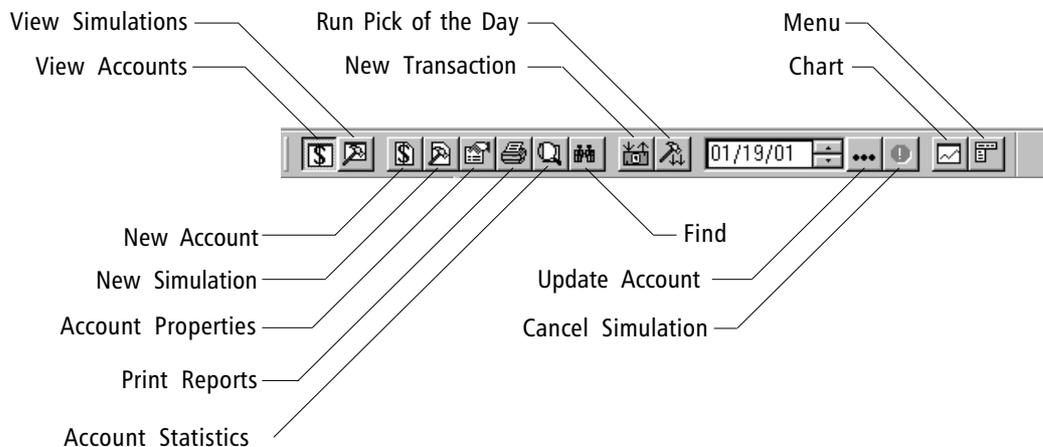
Portfolio Manager main window

When you open the *Portfolio Manager* application, the window that appears is divided into three sections, Account List Tree, Account Information, and Account Statistics.

Account List Tree

Account Information

Portfolio Manager window

Account Statistics
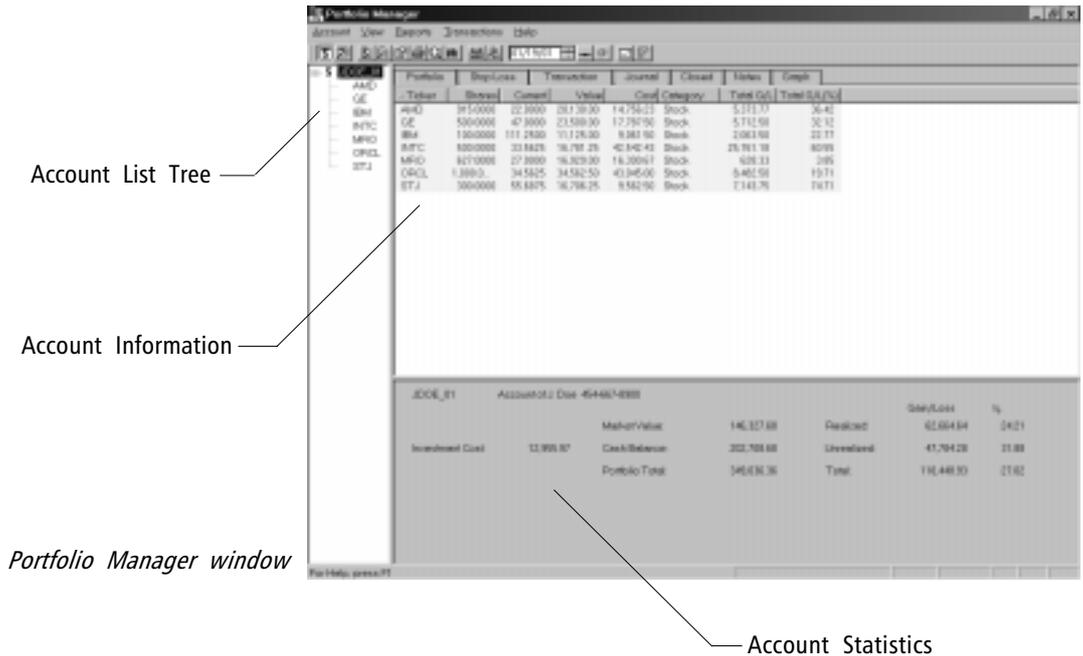
Account List Tree (section at left)

This section displays a list of all your portfolio accounts (those you have created or imported from an older version of TradingExpert Pro). You use this list to select the account you want to view or make changes to. This list tree works exactly like the lists found in other TradingExpert Pro applications (e.g., *Data Manager* and *Charts*), in that the list is multi-level and can be expanded or contracted by clicking on the + or - boxes opposite the account names. When an account containing open positions is expanded, a sublist of all open positions is revealed.

Account Information (largest section of the main window)

Information for the account currently selected in the Account List is displayed here. The tabs located horizontally along the top are used to display six different pages of information pertaining to the transactions posted to this account. After a transaction is posted, you can use the tabs to view the following information:

- *Portfolio* **-** Open positions in portfolio listed in summary format with the current profitability status of each. When a portfolio is opened (by clicking the + sign) and a ticker is selected, the *Portfolio* tab changes to *Ticker*.

- *Stop Loss* **-** Current stop information for open positions

- *Transaction* **-** Details of transactions

- *Journal* **-** Transactions listed as debit or credit entries with running account cash balance

- *Closed* **-** List of positions that have been closed and a record of gains and losses for year-end tax reporting

- *Notes* **-** Free form note pad for the account

- *Graph* - A graph of daily Portfolio Value over past 60 days

Account Statistics (section at bottom)

This section displays statistical information which summarizes the current performance of the selected account. The statistics are derived from all positions (including closed positions) taken in this account. The following information is displayed:

- Capital invested

- Market Value

- Cash Balance

- Portfolio Total

- Realized gain

- Unrealized gain

- Total gain

Account View and Simulation View

Once you open the ***Portfolio Manager***, you can choose between two different views depending on what you want to accomplish. The Account View, which is the default view, is used for entering transactions, viewing your portfolio account positions, checking stops, and closing positions. The second view, the Simulation View, is used only for creating and testing mechanical trading strategies based on ***EDS (Expert Design Studio)*** analysis.

Account View

Menus and toolbar buttons are used to access ***Portfolio Manager's*** extensive portfolio tracking and management features. You will use these to set up your portfolio accounts, enter transactions, view and print reports, and to run the *Pick of the Day* feature to find new positions.

When you have created an account, transactions are entered through the *New Transaction(s)* dialog box. This dialog box provides for the entry of many different kinds of transactions which include every type of account entry that you might require. When you enter a transaction, such as buying securities, you can also specify how a stop price for that position is determined.

In addition to the transactions that are entered through the *New Transactions* function, the following special adjustments to positions can be entered:

- Dividends and Distributions
- Splits
- Mergers
- Spin-offs

Simulation View

In this view, you can view results of simulation runs that have been saved to simulation accounts. You can also run the *Portfolio Simulation* function to create and test trading strategies and the *Pick of the Day* function to screen your data for trading candidates. Both of these functions are designed for users who base their stock selections on ***EDS (Expert Design Studio)*** analysis.

Portfolio Manager stop system

When transactions that involve the acquiring of new positions (Buy and Sell Short) are entered, the *New Transaction(s)* dialog box includes a special *Stops* section for the entry of stops for the position. This *Stops* section allows you to choose from a number of different methods for setting the stops that will be applied. Your choices include the following stop methods:

- Fixed
- Trendline
- Trailing
- Capital protection
- Profit protection
- Holding time
- EDS Rule

Although two of these methods, Fixed price and Holding time, are quite simple, most are based on price performance. One method, EDS Rule, allows you to use any technical criteria you want in designing your own special exit strategies.

You can also combine these methods in any way you choose to create an exit strategy that suits your personal trading or investment style. In this manner, you can easily create a stop system that will allow you to follow the stock market maxim "Cut your losses and let your profits run". It will advise you to hold—let your profits run—as long as the value of a position is increasing. When the position begins to drop after it has made a profit, this system will protect that profit. If the position begins to fall soon after you make the transaction, you will be advised to sell—cut your losses.

Once a position is entered into the system, ***Portfolio Manager*** tracks the position and, on any day that a stop is triggered, it is noted on the *Stop Loss* tab screen. If you have multiple accounts, you can search for all stopped positions using the *Find* function.

When you create a simulation strategy in Simulation View, an exit strategy must be specified. Choosing exit parameters for a simulation is a similar procedure to setting stops for a new position in the Account View. Both functions allow you to choose from the same list of stop setting options.

The options provided for creating an exit strategy are explained on the next page.

Fixed Stop

A single stop price is set and maintained entirely by the user. The fixed stop value may be modified at any time.

Trendline Stop

A stop is computed daily by the system based on a user-drawn trendline. The **Portfolio Manager** checks for crossovers of a trendline after each data update. If more than one trendline is drawn, all trendlines are checked.

Trailing Stop

A percentage is entered that specifies how much you will allow the value of a position to drop from the maximum value it has reached since entry. A stop price is computed daily based on the highest price reached (lowest for short positions) since the position was entered.

Capital Protection Stop

A stop price is computed based on the entry price and the percentage you specify. For long positions, a stop alert is signaled when the price of the security drops below the computed stop price. For short positions, a stop alert is signaled when the price of the security rises above the computed stop price.

Profit Protection Stop

When a position begins to drop after it has made a profit, this method is designed to protect that profit. It is a variable stop method in that the stop price can change daily depending upon the latest security price. For positions that are designated for tracking by this method, the user specifies two percentages. The first is the Protect Profit percentage, the percentage of profit that you want to preserve. The second is the amount of profit (in percentage terms) that you want to make before the Protect Profit system takes over. Once this level of profit is reached, a stop designed to preserve profit is computed from the Protect Profit percentage and the maximum profit achieved to date.

Holding Period Stop

This method does not involve price. You simply enter the maximum number of days that you will allow a position to be held. If you are following a short-term trading strategy, you can use this stop in conjunction with other methods to limit holding time.

EDS Rule Stop

This option allows you to define your own special technical criteria for exiting positions. You first create the rule that you want to use in the **Expert Design Studio** application. You can then select that rule for use in stopping out of any position.