

### 3. Entering transactions

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#### Overview of Transactions functions

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When you place an order to buy or short sell, you should immediately enter the transaction into the appropriate portfolio account so that the system can begin to track that position. In addition to *Buy* and *Sell Short* transactions, many other types of transactions, including cash transactions, can be entered into a portfolio account. In total, 25 different types of account transactions can be individually entered.

For money managers with many client accounts, the ***Portfolio Manager*** allows certain types of transactions to be entered in batches. For example, if you are tracking 100 accounts and need to enter the same stock split into all accounts, a special menu function allows you to accomplish this with only one entry. Transactions which may be entered in this way are: Dividends/Distributions, Splits, Mergers, and Spin-offs.

Without regard to type, a record of all transactions posted to an account (including positions that have been closed) is available for viewing at any time. When a position is closed, it is posted to a special tab which can be accessed for year-end tax reporting purposes.

When you enter an individual transaction, you first select the transaction type. The ***Portfolio Manager*** provides data entry screens for the types of transactions listed below.

#### Transaction types

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*Buy* - opens a long position

*Capital Gain Distribution* - adds cash distribution received and posts as LT capital gain

*Capital Gain Distribution ST* - adds cash distribution received and posts as ST capital gain

*Cash-in-Lieu* - adds cash received in-lieu of stock dividend fractional shares

*Cover Short* - closes a short position

*Deposit* - adds cash deposited to account

*Dividend* - adds cash dividends received

*Expense Fees* - subtracts account fees paid

*Foreign Tax* - subtracts foreign tax paid

*Income* - adds income received

*Interest* - adds interest received

*Merger* - transfers shares to new ticker

*Reinvest Capital Gain* - adds to long position and posts amount as LT capital gain

*Reinvest Dividends* - adds to long position and posts amount as dividends received

*Reinvest ST Capital Gains* - adds to long position and designates amount as ST capital gain

*Return of Capital* - adds cash received and designates as return of capital

*Sell* - closes a long position

*Sell Short* - opens a short position

*Spin-off* - adds long position for new ticker(s)

*Stock Dividend* - adds shares to account

*Stock Split* - adds shares received or subtracts shares lost due to split

*Transfer Shares In* - adds shares to account

*Transfer Shares Out* - subtracts shares from account

*Withdrawal* - subtracts cash withdrawn

The type that is selected determines the information that is needed to finish posting the transaction. For all transaction types, the first item of information that must be specified is the transaction date.

For transactions that involve traded securities, such as *Buy* or *Sell Short*, the following additional information is required:

- ticker, number of shares, and price
- transaction fees
- the procedure that will be used to compute stops, if any

You can also track cash in your account(s) by entering cash transactions, such as *Deposits* and *Withdrawals*. By entering cash transactions along with other types of available account transactions, you can easily maintain true account balances. The cash balance is shown in the lower section of the **Portfolio Manager** window.

For most cash transactions, the only additional information required is the transaction amount.

## How to enter a new transaction

### Note

When you click the right mouse button with the mouse pointer located within the Account Information section, a menu appears which provides easy access to a number of functions including adding or closing a position.

□ Follow these steps to enter a new transaction into one of your portfolio accounts:

1. Open the **Portfolio Manager** application. Click the **View** command on the menu bar and verify that the **Accounts** view is selected.
2. From the Account List, select the account into which you will be filing this transaction. To select an account, simply click on the account name in the list. Information for the selected account will now appear in the **Portfolio Manager** window.
3. From the **Transactions** menu, choose **New**. Or, click the **New Transaction** toolbar button. The *New Transaction(s)* dialog box will appear.

Ticker	Date	Shares	Unit Price	Commission	Total Amount
	MM/DD/YY	0.0000	0.0000	0.00	0.00

*New Transaction(s) dialog box*

4. When the dialog box is first opened, the *Transaction Type* list box at the upper left will always display *Buy*. If the transaction that you want to post is of a different type, click the arrow to display a list and select the type of transaction you are entering (see explanations of types in the *Overview* on preceding page).
5. Depending on the type selected, the dialog box may change to display a different set of data entry fields than were required for the previously entered transaction type.

6. Complete the entries in all applicable text boxes (see explanations of data fields below). After you complete each field, press the **Tab** key to move to the next one. Then continue with step 7.

- **Transaction Type** - Select the type of transaction you want to enter from the *Transaction Type* list box. Rather than using the drop-down list to select the type, you can enter the first letter of the type you want and then use the up/down arrow keys to move through the list.
- **Account** - The currently selected account is automatically entered in this field. You can change the account to any of the other account presently in the Account List.
- **Ticker** - Enter the ticker symbol for a security. The ticker must be an active ticker in your Master Ticker List but does not have to be a traded security. In addition to traded securities, the *Portfolio Manager* also tracks non-trading index, group, and sector tickers. You may want to track an index or group for information purposes.
- **Date** - For your convenience, the current date is displayed. If the transaction date (e.g., the date you purchased the security or placed the short sale) is an earlier date, change it to the correct date.
- **Shares** - Enter the number of shares involved in the transaction.
- **Unit Price** - For your convenience, the closing price on the transaction date entered is displayed. If the per share price you paid for this security differs, change the price to the correct price. The price may be entered either as a fraction or as a decimal. (If you enter the price as a fraction, it will be converted to decimal.)
- **Commission** - This field is automatically computed using the commission schedule specified when the account was created (*Brokerage Profile* screen). It represents the total amount of all fees charged for this transaction. You can accept the amount or enter a new amount.
- **Total Amount** - For transactions involving the trade, exchange, etc. of securities, the total amount of this transaction is computed from the above three entries. For other types of transactions (*Deposit, Withdrawal*, etc.), the amount is entered directly in the *Total Amount* box.
- **Note** - Any information up to 32 characters in length that you might need for reference.

#### Note

When you enter a Cover Short or Sell transaction and that position has more than one corresponding entry transaction, the *Shares Allocation* screen will appear. See *Allocating shares for positions with multiple entries* in section 5 of this chapter for an explanation of this function.

- **Tax Withheld** - When entering a *Sell* transaction, you can specify an amount to be withheld from the sale for taxes.
7. Select any of the following options you want to employ for this transaction:
- **Reinvest Dividends** - If this option is selected and a dividend is entered for this ticker using the batch entry mode (*Dividends/Distributions* selection on *Transactions* menu), the **Portfolio Manager** will automatically convert dividends to shares of the security (at the price specified in the *Dividends/Distributions* dialog box).
  - **Reinvest Capital Gains** - If this option is selected and a capital gain distribution is entered for this ticker using the batch entry mode (*Dividends/Distributions* selection on *Transactions* menu), the **Portfolio Manager** will automatically convert any distributions of capital gains to shares of the security (at the price specified in the *Dividends/Distributions* dialog box).
  - **Auto Calculation - Shares** - If this option is selected, the *Shares* field will be automatically calculated from the values in the *Unit Price*, *Commission*, and *Total Amount* fields.
  - **Auto Calculation - Total** - If this option is selected, the *Total Amount* field will be automatically calculated from the values in the *Shares*, *Unit Price*, and *Commission* fields.
8. If a *Stops* section is displayed, complete as follows:
- Select a stop method for this transaction by clicking one of the three option buttons.
    - **Account Default** - The default exit strategy that was specified for this account will be used. (Strategy name is shown at right.)
    - **Buy and Hold** - No stops will be computed.
    - **Use Strategy** - For this option, select the exit strategy you want to use from the adjacent list box. A stop is computed daily using the selected exit strategy. If the exit strategy you want does not exist, commands are provided which allow you to create a new strategy or to edit an existing strategy. (For instructions, see *Creating or editing an exit strategy* on following pages.)
  - To include a fixed stop, check the *Fixed Stop* option box and enter a stop price.
9. When you have finished, choose **Done** to close the *New Transaction(s)* box or choose **Next** to enter another transaction.

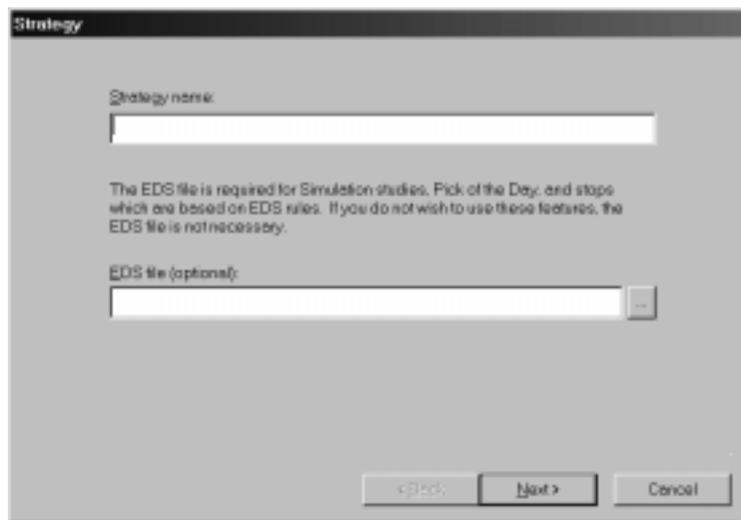
## Creating or editing an exit strategy

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The *New Transaction(s)* dialog box provides commands that enable you to create or edit an exit strategy. When you create a new exit strategy, you can choose from a number of methods for computing stops including stops based on an **EDS (Expert Design Studio)** rule.

□ *To create a new exit strategy:*

1. From the *Stops* section of the *New Transaction(s)* dialog box, select **Use Strategy**.
2. From the same section, choose the **New** command button. The *Strategy* dialog box will appear.



*Strategy dialog box*

3. In the *Strategy Name* box at the top, enter a name for your new strategy.
4. If you do not plan to use stops based on an EDS rule, skip this step and go to step 5. Otherwise, enter the name of an EDS file. You can enter the name of the file that contains the rule you want to use (including path) directly in the box labeled *EDS file (optional)* or you can use the browse feature as follows:
  - Click the browse button (button with ...) located at the right end of the box labeled *EDS file (optional)* to access the *Open* dialog box. When the *Open* dialog box appears, the folder containing your EDS files should be selected and a list of EDS files should be displayed. This list should contain all EDS files that have been saved to your TradingExpert Pro folder.

- From this list, find the file that contains the EDS rule you want to use for stops.
- Click on the file to select it and choose **Open**. When the *Strategy* box reappears, the EDS file name will appear in the *EDS file (optional)* box.

5. Click **Next** to move to the *Exit* screen.

*Exit screen*

6. From the *Exit* screen, choose the stop option(s) that you want to include. See *Explanation of data fields for Stops* on the next page for entry instructions for the available stops.
7. Click **Finish** to return to the *New Transaction(s)* dialog box.

#### Explanation of data fields for Stops

##### *Trendline Stop*

No further entries are required for trendline stops. All trendlines drawn on the chart for this ticker will be checked to determine if a trendline has been broken.

##### *Trailing Stop*

If you selected *Trailing Stop*, one entry is required — *Trailing %*. The percentage figure you enter specifies how much of the maximum value, (i.e., the highest value the position has reached since entry), you want to conserve once the value of a position starts to drop. A stop price is computed daily based on the highest price (lowest for short positions) for the security since the position was entered. The

normal range is between 50% and 90%, depending on how much risk you are willing to take. The default value for this entry is 90%. For long positions, the default is a price 10% below the highest price reached since the position was entered. For short positions, the default is 10% above the lowest price. The last value that you enter is saved. This value may be modified at any time through the *Edit* function on the *New Transaction(s)* screen.

*Protect Capital %*

How much of your principal do you want to conserve if the value of a position starts to drop before it becomes profitable? Enter the percentage here. The normal range is between 50% and 90%, depending on how much risk you are willing to take. The default value for this entry is 90%. The last value that you enter is saved.

*Protect Profit %*

After you have begun to make a profit, how much of that profit do you want to conserve if the price starts to drop? Enter the percentage here. The normal range for this value is between 50% and 90%, depending on the risk you are willing to take with your profits. The default value for this entry is 90%. The last value that you enter is saved.

Once you have entered a *Protect Profit %*, you then need to decide how much profit you want to make before the *Protect Profit* percent takes over. This figure is entered in the box to the right of the *Protect Profit %* box. Once the position reaches the percentage of profit entered here, the stop loss is computed based on profit protection. If profits do not reach this percentage before starting to drop, this parameter is not activated. The normal range for the profit trigger percent is between 5% and 20%. The default value for this entry is 5%. The last value that you enter is saved.

*Holding period stop (After...periods, exit)*

This stop simply imposes a limit on the length of time that the position can be held. When you choose this option you also specify the maximum number of periods (days) until you will exit the position. Holding period stops are usually imposed only if you are following some sort of short-term trading strategy and want to avoid staying too long in a position that is not moving in either direction.

*EDS rule stop (After...periods, exit on rule)*

This option appears if an EDS file is entered on the *Strategy* screen. With this stop, you exit your position when the EDS rule that you specify is satisfied. The rule that is used must already exist. You can either select one of the many rules furnished with the system or you can create a new exit rule in the *Expert Design Studio* application.

□ To enter an EDS rule stop:

1. The EDS file that contains the EDS rule you want to use must first be entered in the preceding *Strategy* screen.
2. On the *Exit* screen, choose the last stop option, **After \_\_ periods, exit on rule.**

Exit

Trendline Stop

Trailing Stop 30

Protect 90 % of my Capital

Protect 95 % of my profit above 5

After 31 periods, exit

After 1 periods, exit on rule ExitRule

< Back Next > Cancel

*Exit screen for entering EDS rule stop*

3. In the first box, enter the number of periods (days) until you want the rule to go into effect.
4. From the list box at the end, select the specific rule you want to use as follows:
  - Click the arrow on the box to display a list of the rules contained in the EDS file.
  - From the list, select the rule you want to use for exiting this position.

## To edit an existing exit strategy

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□ *Proceed as follows to edit a strategy:*

1. From the *Stops* section of the *New Transaction(s)* dialog box, select **Use Strategy**.
2. From the same section, choose the **Edit** command button. The *Exit* data entry screen will appear.
3. Use the *Exit* screen to modify the stop option(s) or stop parameters.
4. Click **OK** to return to the *New Transaction(s)* dialog box.

## Editing Transactions

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□ *To edit a transaction that has previously been entered into one of your portfolio accounts:*

1. Open the **Portfolio Manager** application and click the *View* command on the menu bar to verify that the **Accounts** view is selected.
2. From the Account List, select the account that contains the transaction you want to edit. Information for the selected account will now appear in the other sections of the **Portfolio Manager** window.
3. Select either the **Transaction**, **Journal**, **Stop Loss**, or **Closed** tab to display a list of transactions for this account. (If a ticker is selected, you can select the **Ticker** tab.) Then select the transaction you want to edit by clicking on it.
4. Click on the **Transactions** command on the menu bar and choose **Edit** from the drop-down menu.  
-or  
Right click on the transaction, then choose **Edit** from the menu that is displayed.
5. The *Edit Transactions* dialog box that appears displays the information originally entered for the transaction. The data entry fields on this dialog box are identical to those used for entering new transactions (*New Transaction(s)* dialog box). You can change the information in any field. See *Entering New Transactions* on preceding pages for an explanation of the data fields.
6. When you have completed your changes, click **Done**. To verify that your changes were correctly made, review transaction details in the Account Information section of the **Portfolio Manager** window.

## Deleting a transaction

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If for some reason you want to completely delete a transaction you have entered into a portfolio account, the *Delete Transaction* command can be used to remove it from all tabs of the account. This command is available for the entry transaction (*Stop Loss*, *Transaction*, and *Journal* tabs) of a currently open position.

You can also delete exit transactions (*Transaction*, *Journal*, and *Closed* tabs) but this action is not recommended. Removing a closed position by deleting the closing transaction can result in problems. Deleting a closed position only removes the position and does not reopen it or adjust the cash balance for the account. Therefore, if you decide to delete a closed position, you will need to make adjustments to the positions and/or cash balance through the entry of additional transactions. A better procedure is to first reopen the position and then make the necessary changes.



*Right-Click Menu for transactions*

□ *To delete the entry transaction for a currently open position:*

1. From the Account List, select the account that contains the transaction you want to delete.
2. Select one of the following tabs: **Stop Loss**, **Transaction**, or **Journal**. Then click on the transaction you want to delete with the right mouse button. The right-click menu will appear.
3. Choose **Delete Transaction** from the menu. The transaction will be removed from all tabs.

## Voiding a transaction

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If for some reason you want to remove a transaction but at the same time retain a record of the transaction, you can use the *Void Transaction* command. This command is only available for the entry transaction (*Transaction* tab) of a currently open position.

□ *To Void a transaction:*

1. From the Account List, select the account that contains the transaction you want to void.
2. Select the **Transaction** tab and then click on the transaction with the right mouse button. The right-click menu will appear.
3. Choose **Void Transaction** from the menu. The transaction will be removed from all tabs except the *Transaction* tab. On this tab, the *Type* will be changed to *Voided*.

## Transaction Properties function

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### Note

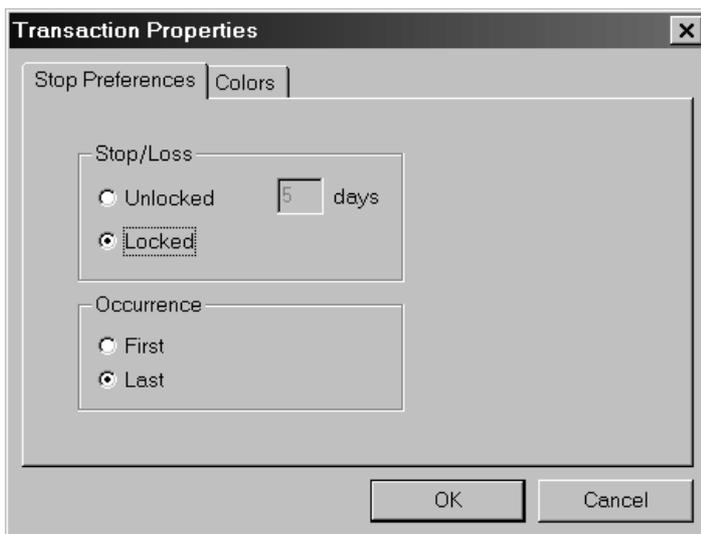
When you click the right mouse button with the mouse pointer located within the Account Information section, a menu appears which provides easy access to the *Properties* function.

This function provides selections that pertain to stops. It is also where you can change the colors of the data listed on the Account Information tabs.

□ *To open the Properties function:*

Click on the **Transactions** command on the menu bar and from the drop-down menu select **Properties**. The *Transaction Properties* screen that appears provides two tabs:

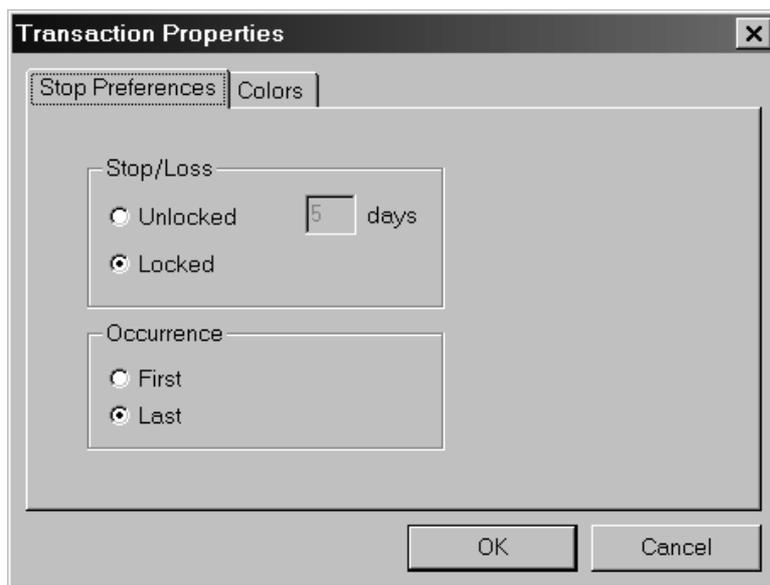
- Stop Preferences
- Colors



*Transaction Properties screen*

## Stop Preferences tab

When stops are “locked”, stop labels are permanently displayed on stopped positions on the *Stop Loss* tab page. You can use the entries on this tab to “unlock” stops. This will result in stop labels being automatically removed after a fixed period of time. You can also specify whether to flag the first or last occurrence of a stop.



*Stop Preferences tab*

□ *To set stop preferences:*

1. Use the **Properties** command to open *Transaction Properties* and select the **Stop Preferences** tab.
2. Make your selections on this tab page as follows:

### *Stop/Loss section*

**Unlocked** - With this option checked, stop labels are displayed for only a limited period of time. Select number of days for display of stop labels from the *days* box.

**Locked** - With this option, stop labels remain indefinitely.

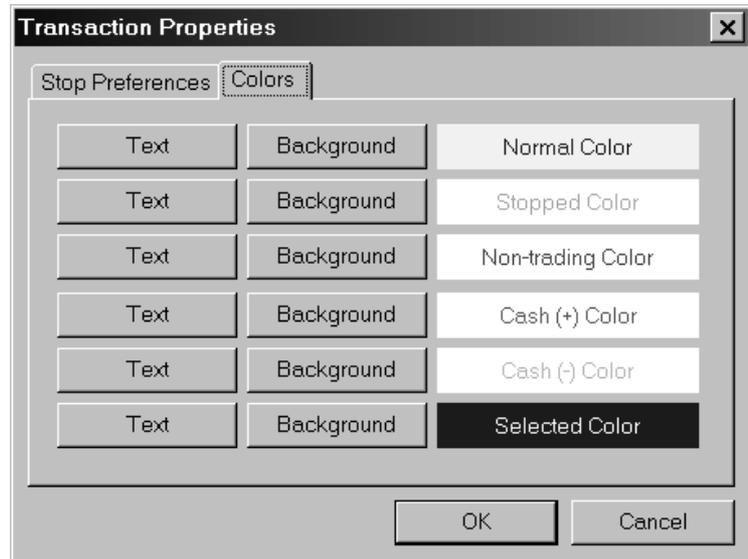
### *Occurrence section*

**First** - With this option checked, the stop that is flagged is the first occurrence of a stop for that position.

**Last** - With this option, the stop that is flagged is the most recent occurrence of a stop for that position.

## Colors tab

For ease of recognition, different transaction types are assigned different colors in the Account Information section of the **Portfolio Manager** window. The *Colors* tab is used to change both text and background colors for information listed on the Account Information tabs. Six different types of transactions and text can be assigned distinguishing colors.

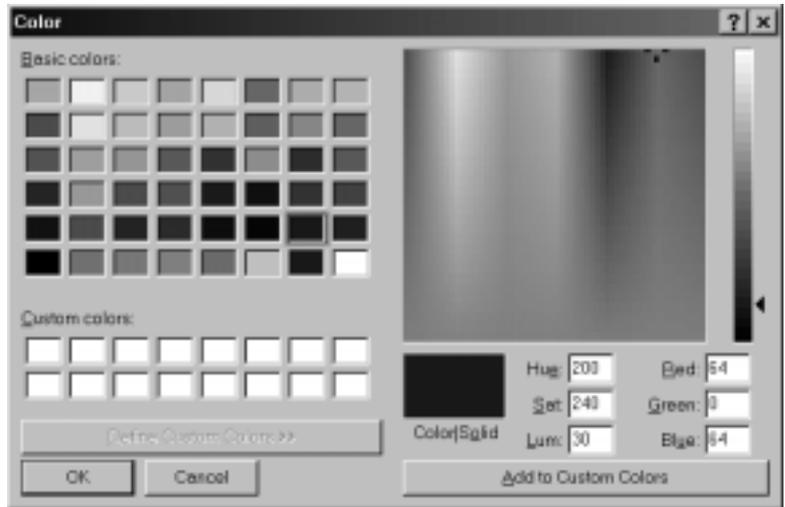


*Colors tab*

□ To set colors:

1. Use the **Properties** command to open *Transaction Properties* and select the **Colors** tab. The current text and background color selections for each item are shown in the right-most column.
  - *Normal* - This refers to all open transactions for which no stops have been triggered. The default colors are black text on a white background.
  - *Stopped* - These are transactions for which a stop has been triggered. The default colors for stopped transactions are red text on a white background.
  - *Non-trading* - In addition to cash transactions, the **Portfolio Manager** also tracks various other non-trading transactions. For these transactions, the default colors are purple text on a white background.

- *Cash (+)* - These are cash transactions that result in a credit. The default colors are green text on a white background.
  - *Cash (-)* - These are cash transactions that result in a debit. The default colors are magenta text on a white background.
  - *Selected text* - The default colors for selected text are white text on a blue background.
2. To change the color for any of the above, click **Text** or **Background** for the item. The *Color* dialog box will appear.



*Color dialog box*

3. Use the *Color* dialog box to specify a new color for the selected item. Then click **OK**.

## Entering transactions in batches

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The *Portfolio Manager* allows certain types of transactions to be entered in batches. For example, if you are tracking 100 accounts and need to enter the same stock split into all accounts, a special menu function allows you to accomplish this with only one entry.

Batch entry is available only for transactions of a type that pertains to a particular security rather than an account. These functions post the necessary transaction(s) to every account in your Account List that contains the specified ticker.

The following types of transactions can be entered in batch form:

- Dividends/Distributions
- Splits
- Mergers
- Spin-offs

### Dividends/Distributions

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This function allows for the entry of cash dividends and fund distributions to share holders as of the date of record for the dividend/distribution. To be eligible for the dividend/distribution, the date of the entry transaction for the ticker must be the same as or precede the date of record.

□ *To enter a dividend or distribution:*

1. From the *Transactions* menu bar command, select **Dividends/Distributions**.
2. In the *Dividends/Distributions* dialog box enter the following:
  - **Ticker**
  - **Date of Record** (optional) - If not entered, the payment date is used instead.
  - **Date of Payment**
  - **Dividend/Distribution per share**
  - **Reinvestment Price** - ( price per share) If *reinvest dividends* and/or *reinvest capital gains* is selected for the ticker (*New Transaction(s)* screen), additional shares are purchased at this price.

*Dividends/Distributions dialog box*

- **Capital Gains** (optional) - For purposes of the 1099 report, short and long term distributions are kept separate. Choose one of the following tax related designations:
    - **Short Term**
    - **Long Term**
3. Click **OK**. Transactions reflecting the details of the dividend/distribution will be entered in all accounts with open positions as of the date of record.

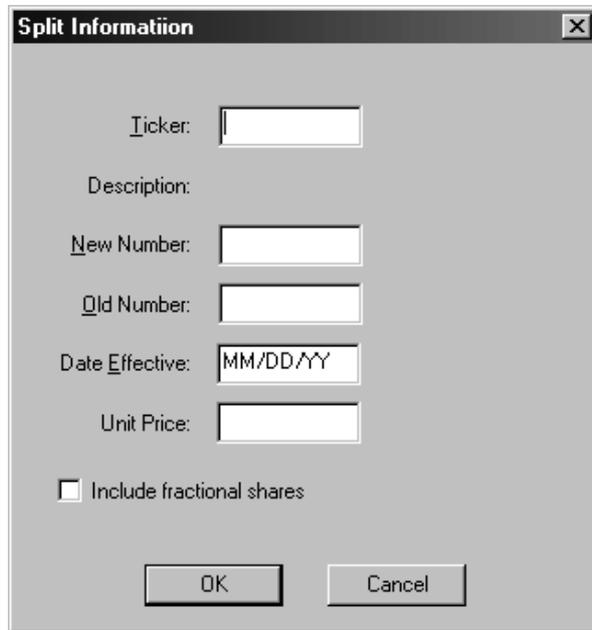
## Splits

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When entering a stock split, the split ratio is specified through two entries, *New Number* and *Old Number*. For example, if the split ratio is 3 for 2, you would enter 3 in the *New Number* field and 2 in the *Old Number* field. Continue on next page.

□ To enter a stock split:

1. From the *Transactions* menu bar command, select **Splits**.



*Split Information dialog box*

2. In the *Split Information* dialog box complete the following fields:

**Ticker**

**New Number**

**Old Number**

**Date Effective**

**Unit Price-** Share price of new ticker (Required if *Include fractional shares* is not selected.)

3. Splits can produce fractional shares. To include fractional shares in the after split number, check the **Include fractional shares** option. If this option is not checked, fractional shares will be converted to cash based on the unit price of the new ticker.
4. Click **OK**. Transactions necessary to complete the split will be entered in all accounts with open positions on the date effective.

### Note

If the pre-split number of shares held in an account is not a whole number (i.e., current number includes fractional shares) and the *Include fractional shares* option is selected, the *Splits* function will not compute fractional shares. In such cases, you will need to manually adjust the share number to the correct new fractional amount.

## Mergers

This function produces merger transactions for holders of a specific ticker on a specific date. These transactions reflect one of two merger outcomes:

- Stock holder is bought out for cash.
- Stock holder receives shares in one or more securities in exchange for the original shares.

□ *To enter a merger:*

1. From the *Transactions* menu bar command, select **Mergers**.

New Ticker	Shares / Share of...	Unit Price
	0.0000	0.0000
	0.0000	0.0000
	0.0000	0.0000
	0.0000	0.0000
	0.0000	0.0000

*Merger dialog box*

2. In the *Merger* dialog box enter the following:

**Ticker** - Old ticker

**Date** - Merger date

**Buyout amount** - Select this option if merger provides for a cash buyout rather than an exchange to other securities. Then enter the buyout amount per share.

**Exchange** - Select this option if merger provides for exchange to another security (or other securities) rather than a cash buyout. Then complete the following for each new security:

- **New Ticker**
  - **Shares/Share of old**
  - **Unit Price** - Share price of new ticker (Required if *Include fractional shares* not selected.)
3. An exchange can result in fractional shares. To include fractional shares in the number(s) of shares of the new security (or securities) received, check the **Include fractional shares** option. If this option is not checked, fractional shares will be converted to cash based on the unit price of the security (or securities) that the old ticker is exchanged for.
  4. Click **OK**. Transactions necessary to complete the merger will be entered in all accounts with open positions on the date of the merger.

## Spin-offs

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In a spin-off, the parent company creates or *spins off* one or more subsidiary companies. Shareholders as of the date of the spin-off receive shares in the new company (or companies). If you are involved in a spin-off, it is important to know your tax basis for the new company (or companies) as well as for the parent company following the distribution. For this reason, the *Fair Market Values* of all tickers at the time of the spin-off need to be recorded.

□ *To enter a spin-off:*

1. Select **Spin-offs** from the *Transactions* menu bar command.
2. In the *Spin-off* dialog box enter the following:

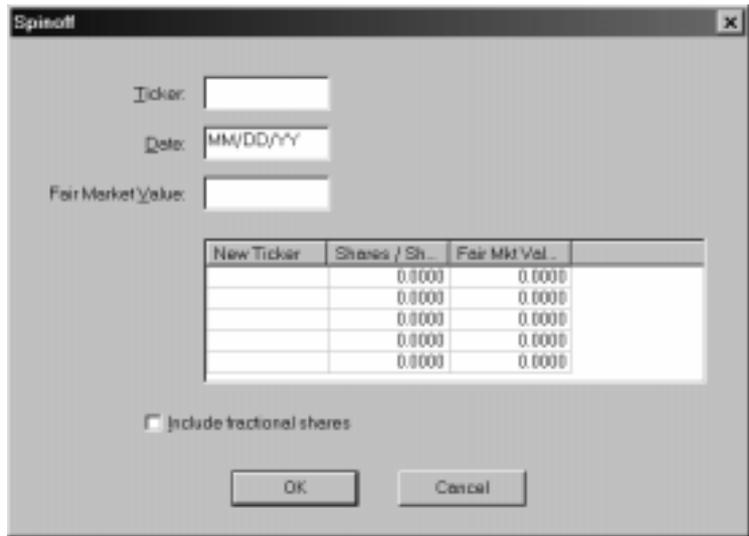
**Ticker** - Parent company

**Date** - Distribution date

**Fair Market Value** - Value of parent company shares at time of distribution

**Exchange Information** - Complete one line for each new ticker created through spin-off:

- **New Ticker** - Subsidiary company
- **Shares/Share** - Shares of new ticker for each share of parent company
- **Fair Market Value** - Value of new shares at time of distribution



*Spin-off dialog box*

3. A spin-off can result in fractional shares. To include fractional shares in the number(s) of shares of the new issue (or issues), check the **Include fractional shares** option. If this option is not checked, fractional shares will be converted to cash based on the share value(s) of the new issue(s).
4. Click **OK**. Transactions necessary to complete the spin-off will be entered in all accounts with open positions on the date specified.