

Trader's Expo 2011
Bally's Las Vegas
November 18, 2011

Short-Selling Principle & Technique

Chris Kacher & Gil Morales
Managing Directors
MoKa Investors, LLC
www.mokainvestors.com
www.selfishinvesting.com

Chart Notes

Moving Averages:

Magenta = 10-day simple moving average.

Green = 20-day simple moving average.

Blue = 50-day simple moving average.

Black = 65-day exponential moving average.

All charts courtesy of
HighGrowthStock Investor
and
eSignal, Inc.

The Golden Rules of Short-Selling

- Short only during clear bear market trends and as close to the beginning of the bear market trend as possible.
- What goes up must come down: focus on the big upside leaders from the prior bull market trend as your primary short-sale target stocks.
- Some stocks will break sharply off of their peaks, presenting short-term short-sale opportunities, and then usually will take 8-12 weeks, sometimes longer, to fill out bearish formations and continue lower during an overall bear market.
- Trade stocks that are very liquid.
- Set tight stops of 3-5%.
- Set profit projections for your initial short-sale position.

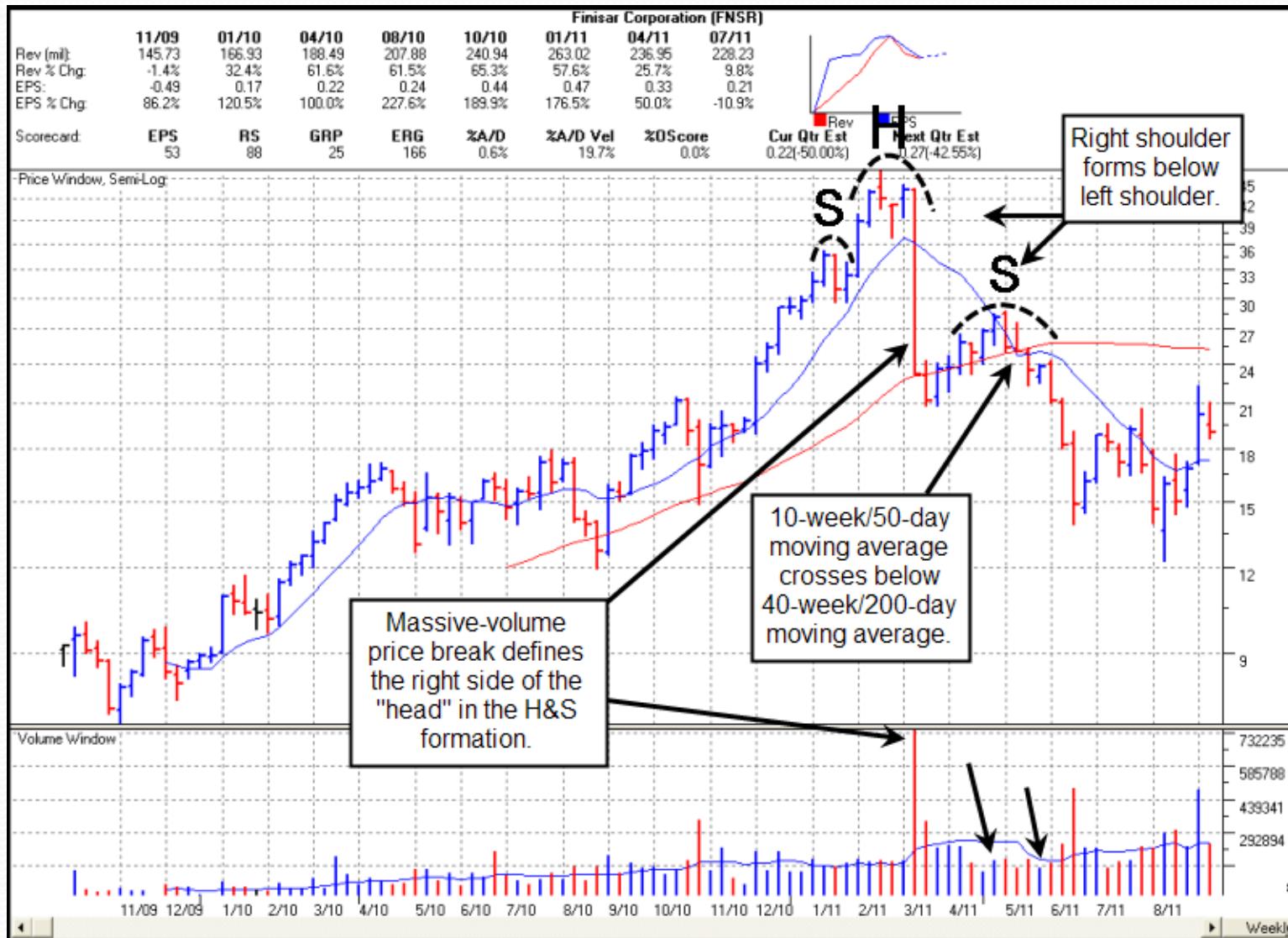
Short-Sale Set-Ups

- Three basic formations, although some can overlap or and/or metamorphose (“morph”) into one-another.
- Head & Shoulders Top (H&S) formation – the classic topping formation taught in all technical analysis manuals.
- Late-Stage Failed Base (LSFB) – when breakouts become too obvious.
- Punchbowls of Death (PODs) – Straight down and straight up, and then straight down to new lows.

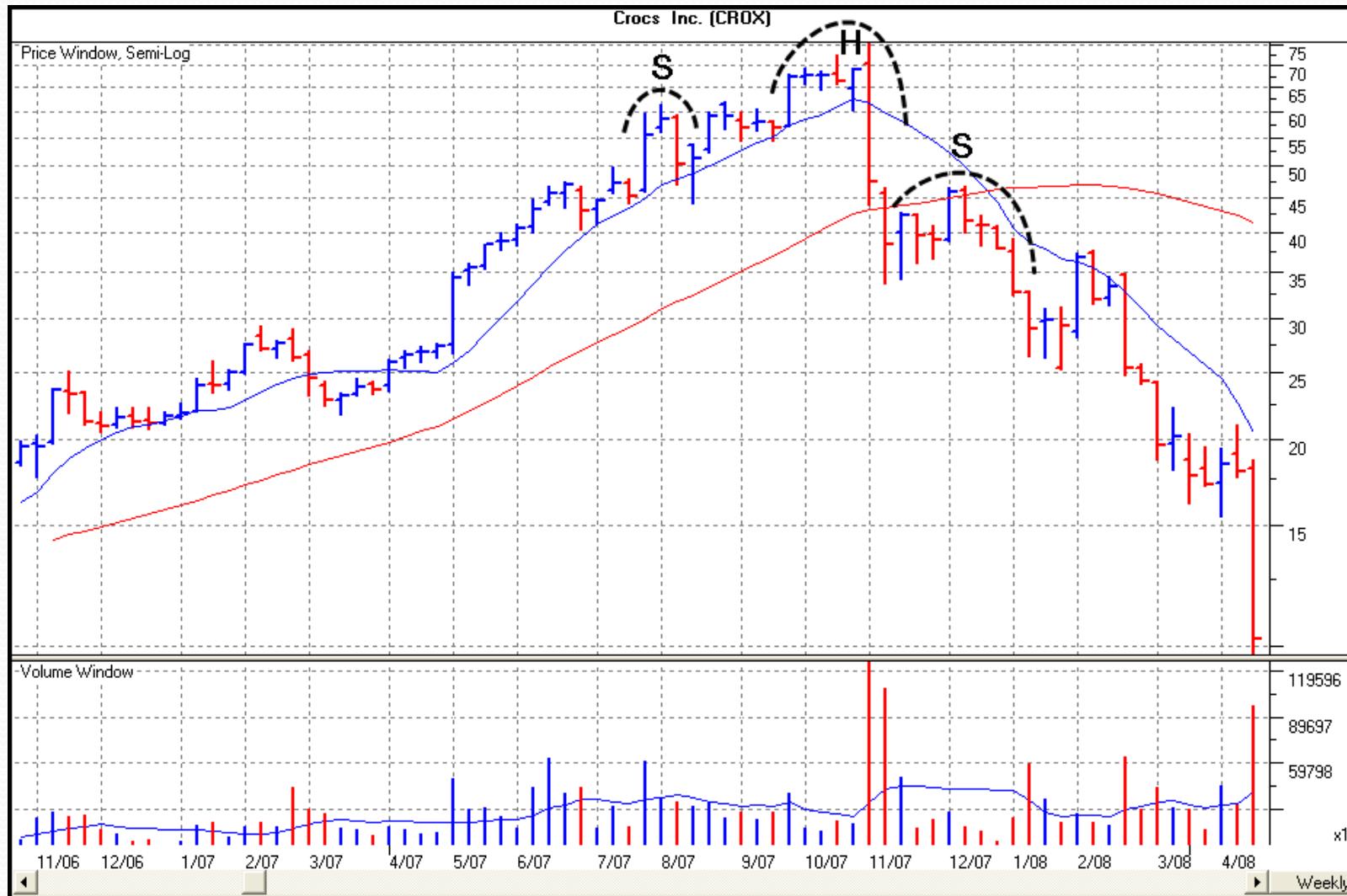


Head & Shoulders Top Formation

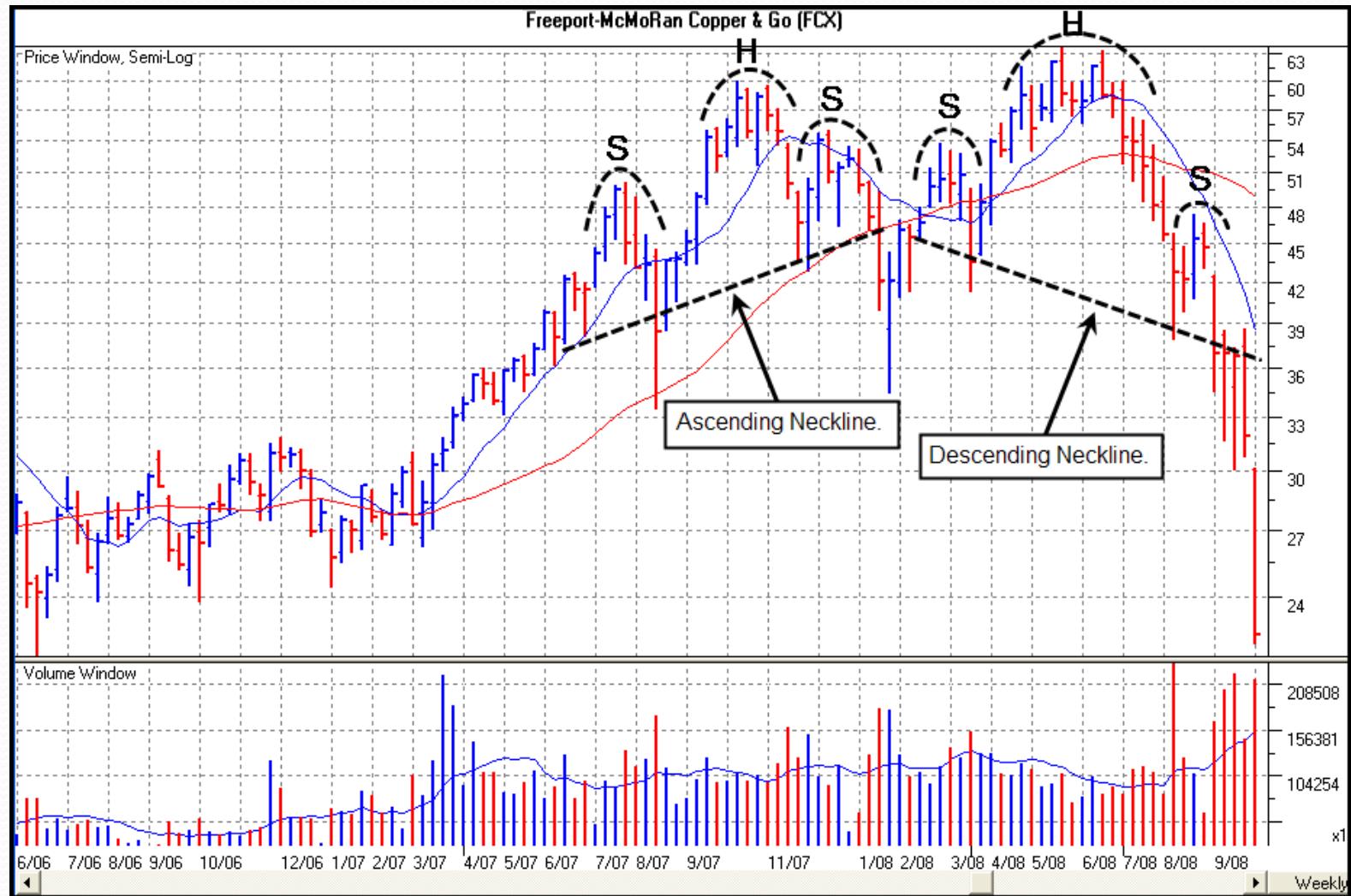
Finisar Corp. (FNSR) – 2011



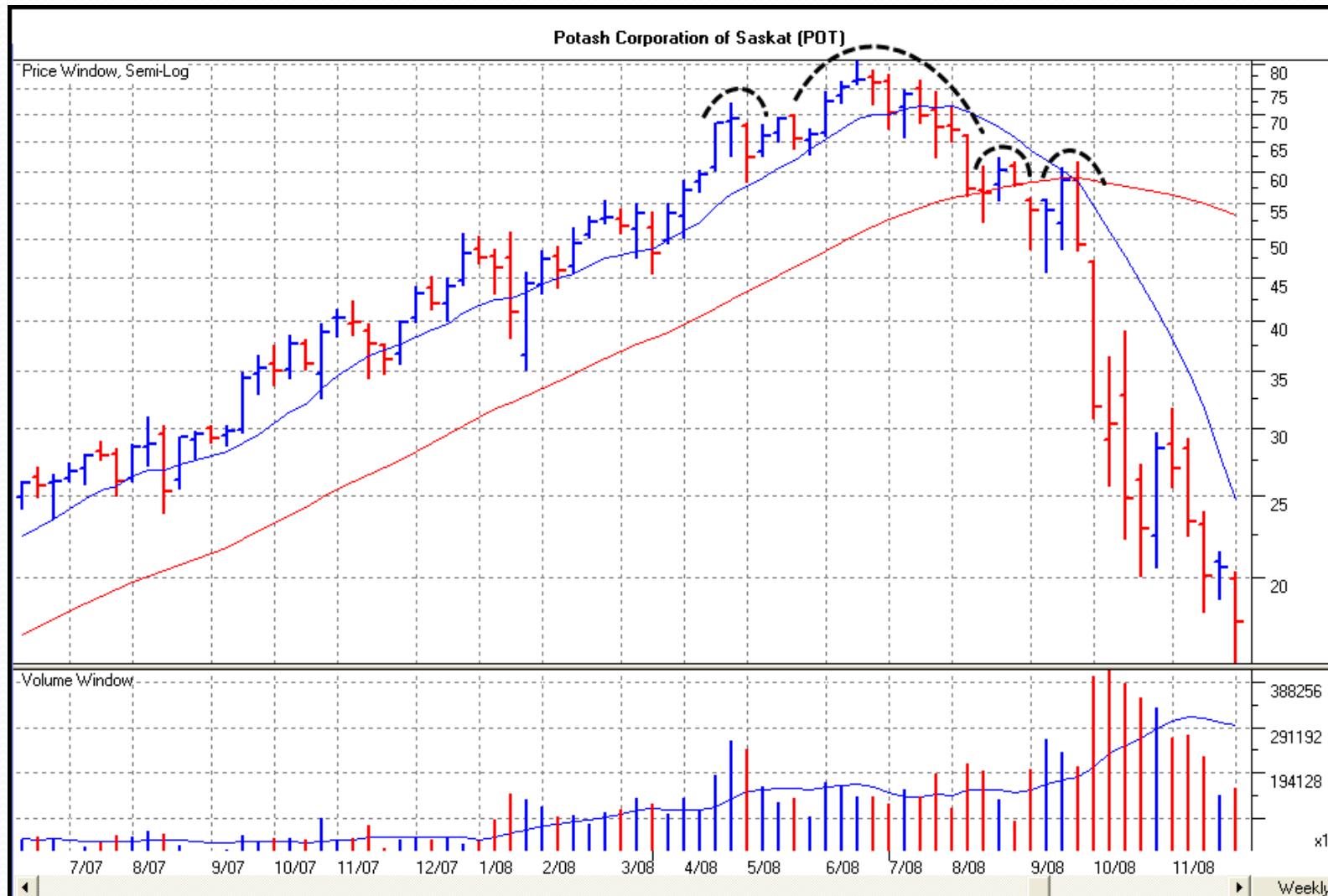
Crocs, Inc. (CROX) - 2007



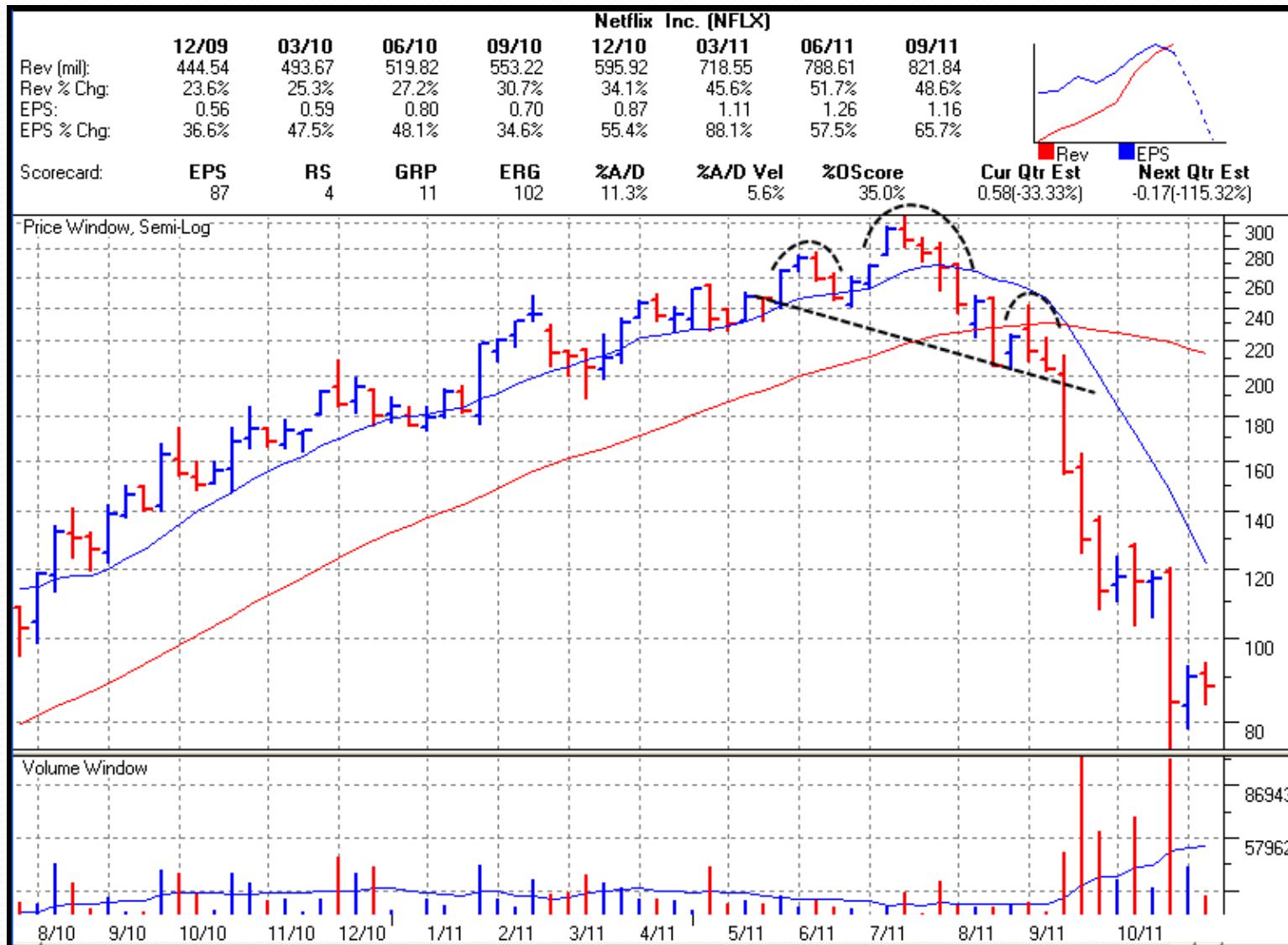
Freeport-McMoran Copper & Gold (FCX) – 2008



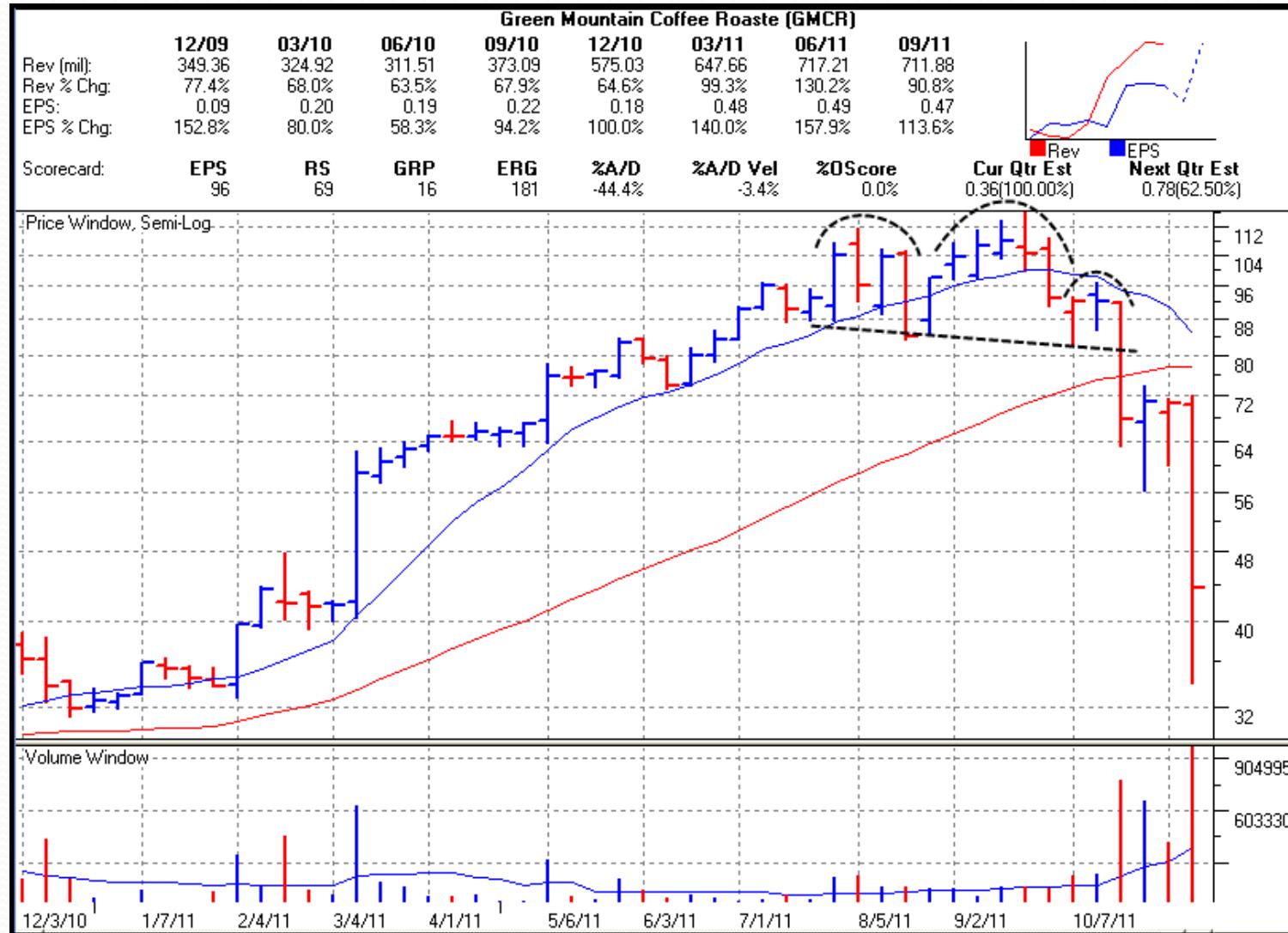
Potash Corp. (POT) - 2008



Netflix, Inc. (NFLX) - 2011



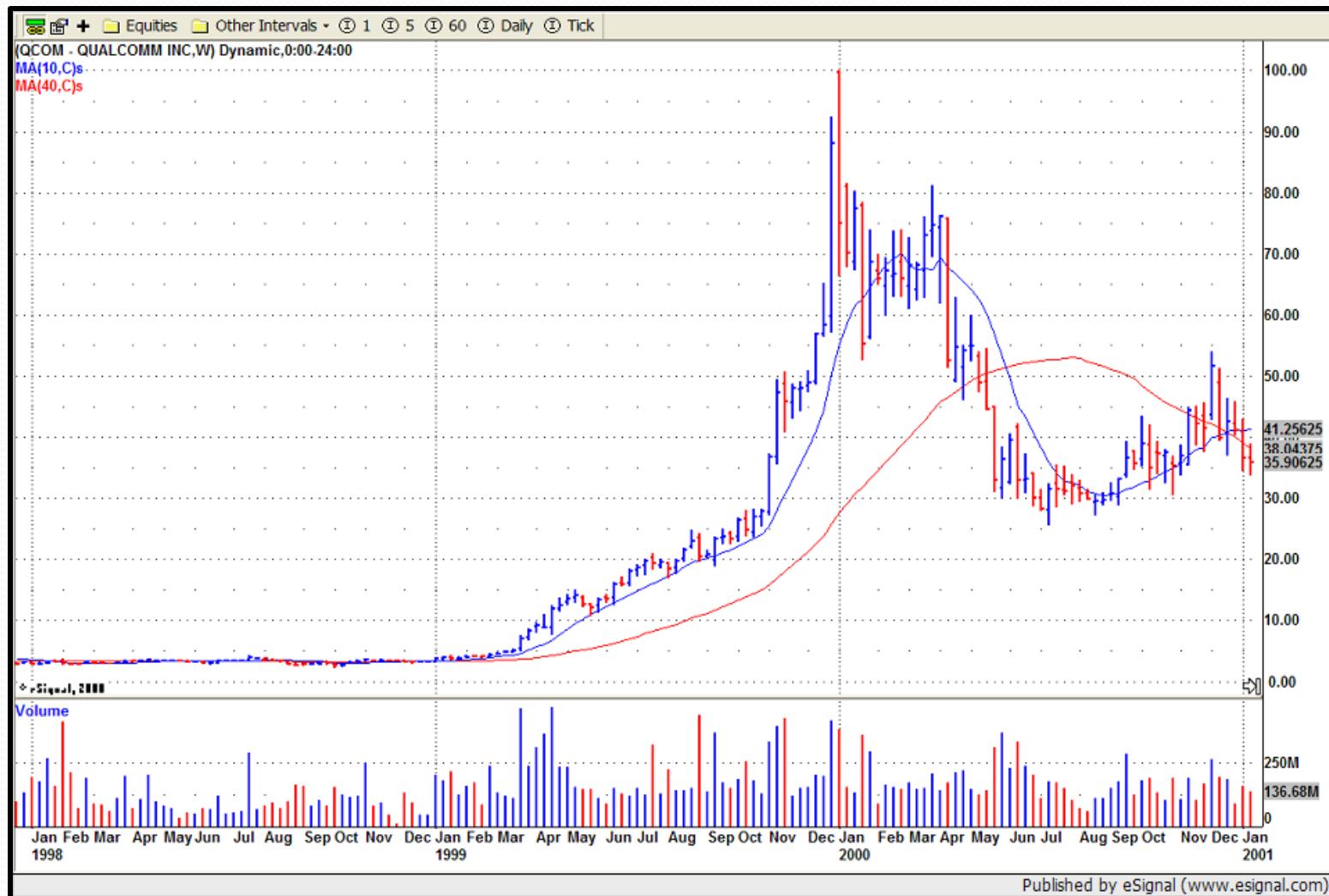
Green Mountain Coffee Roasters, Inc. (GMCR)





Late-Stage Failed-Base Top Formation

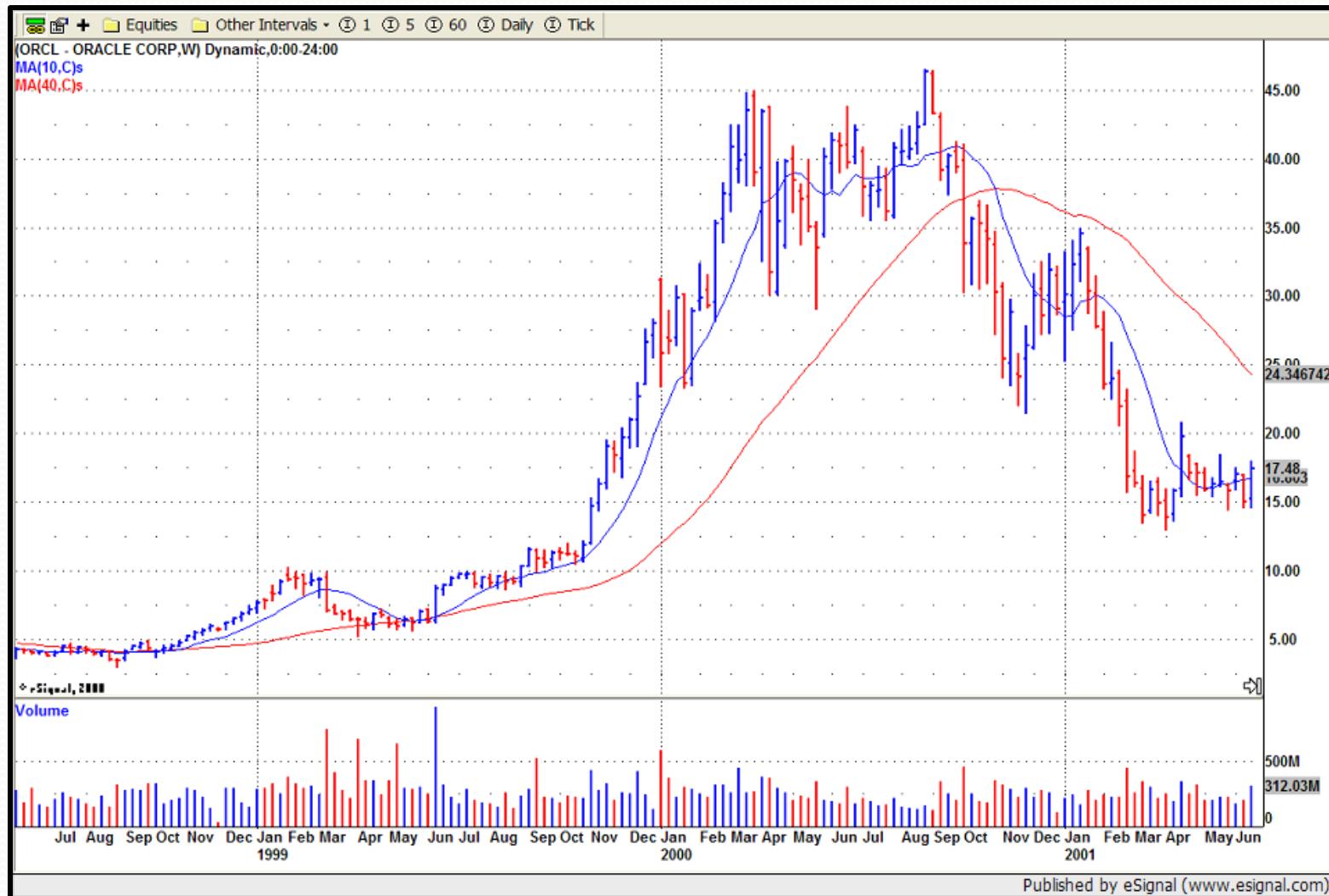
Qualcomm, Inc. (QCOM) 2000



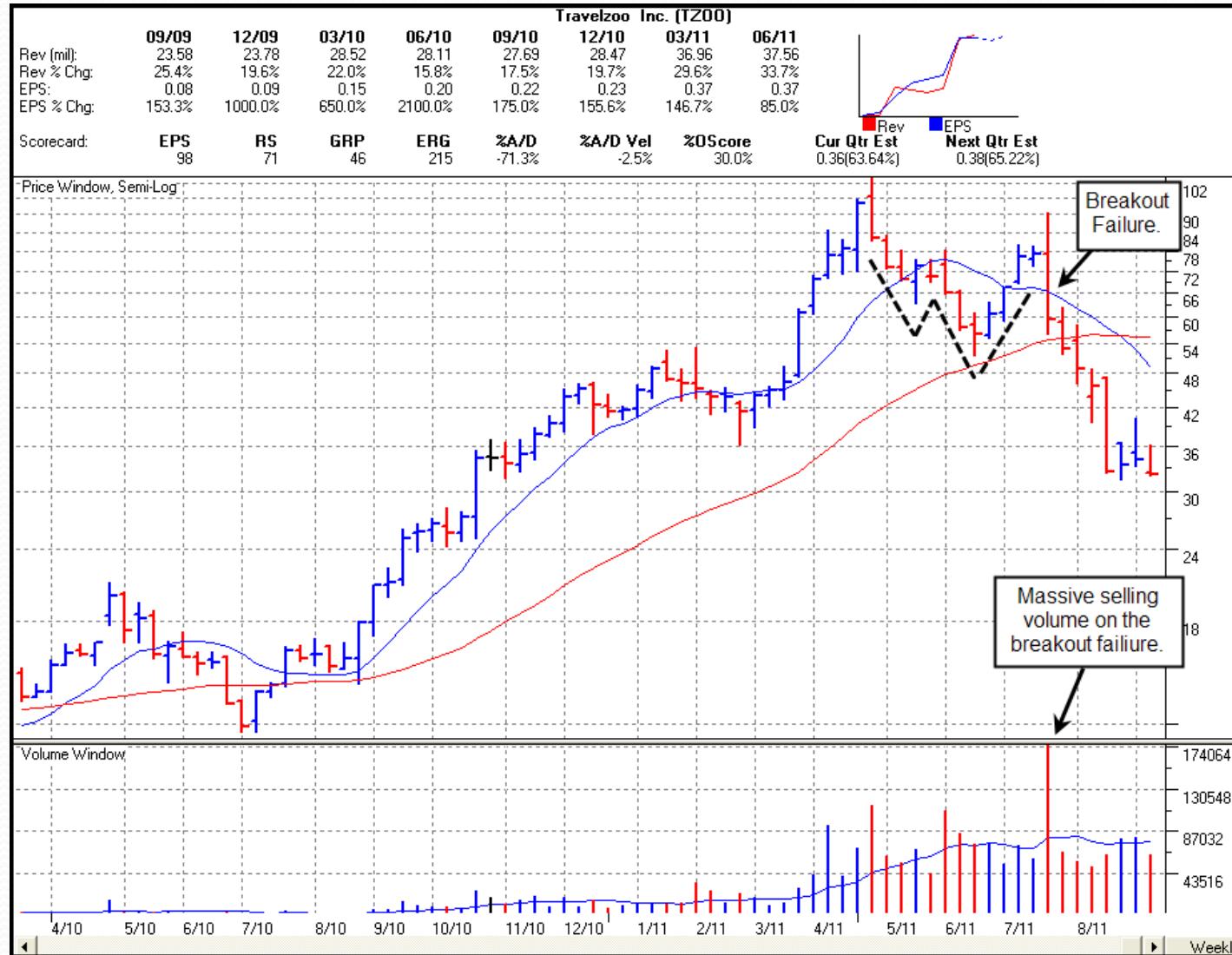
Yahoo! Inc. (YHOO) - 2000



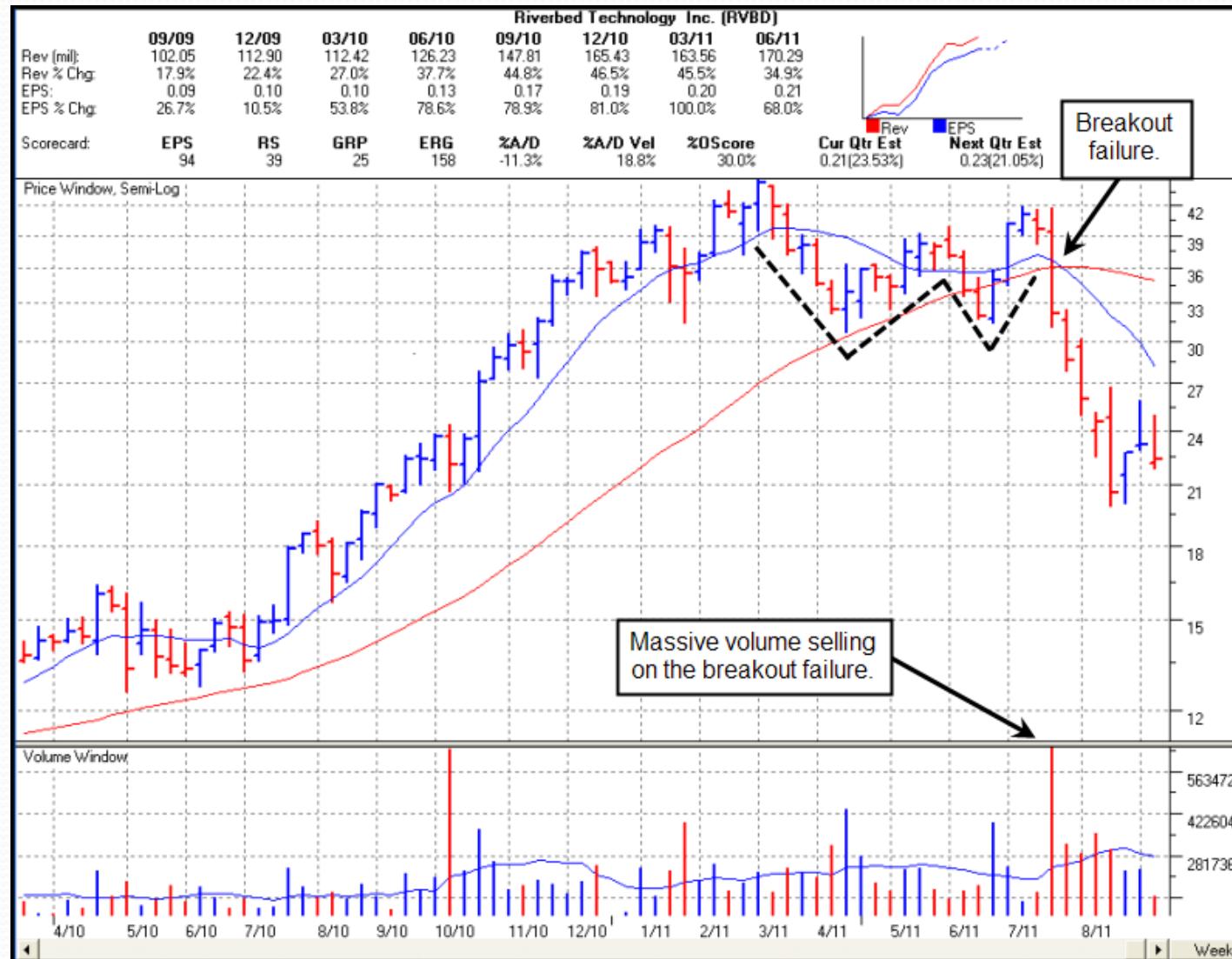
Oracle Corp. (ORCL) - 2000



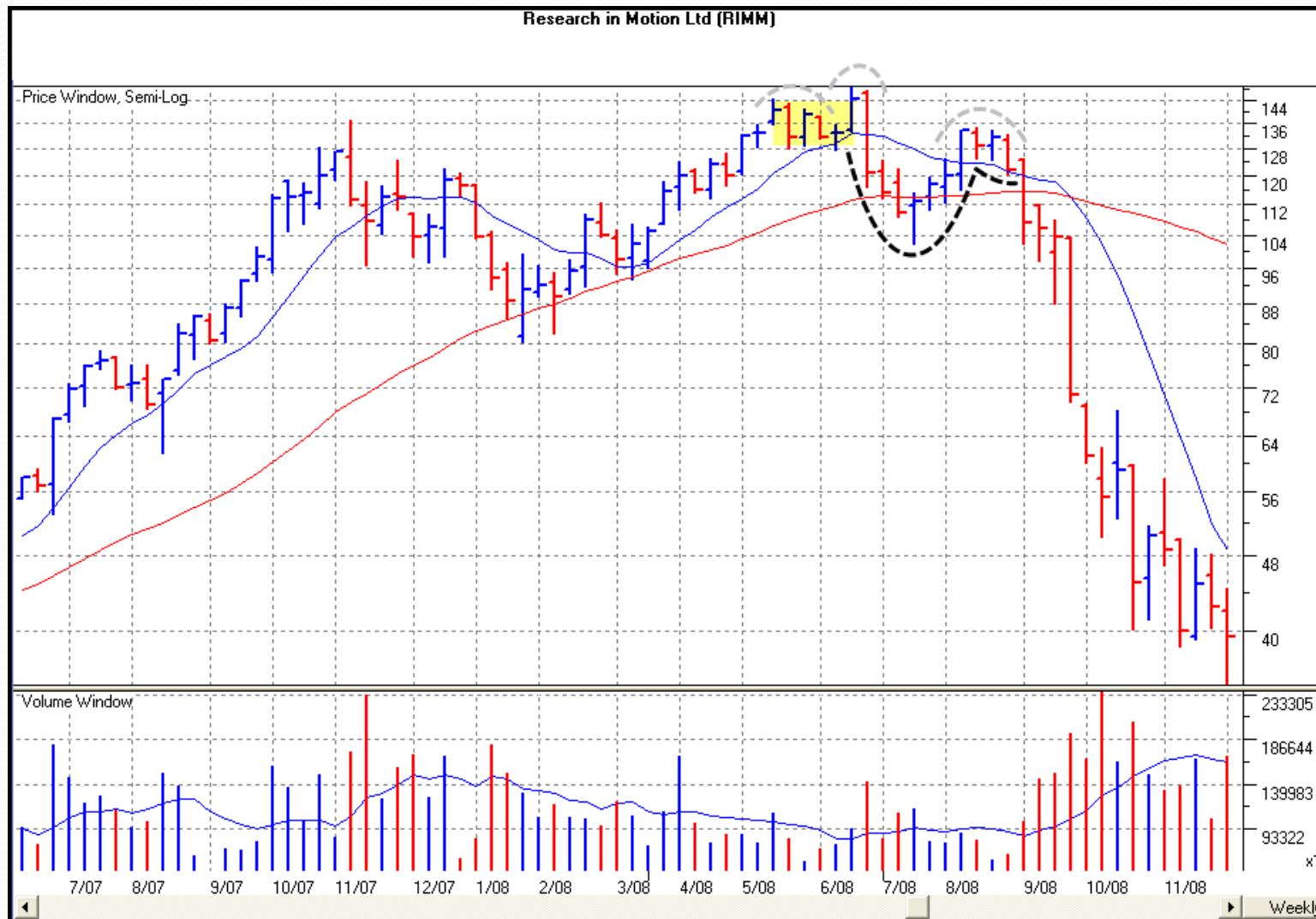
Travelzoo, Inc. (TZOO) - 2011



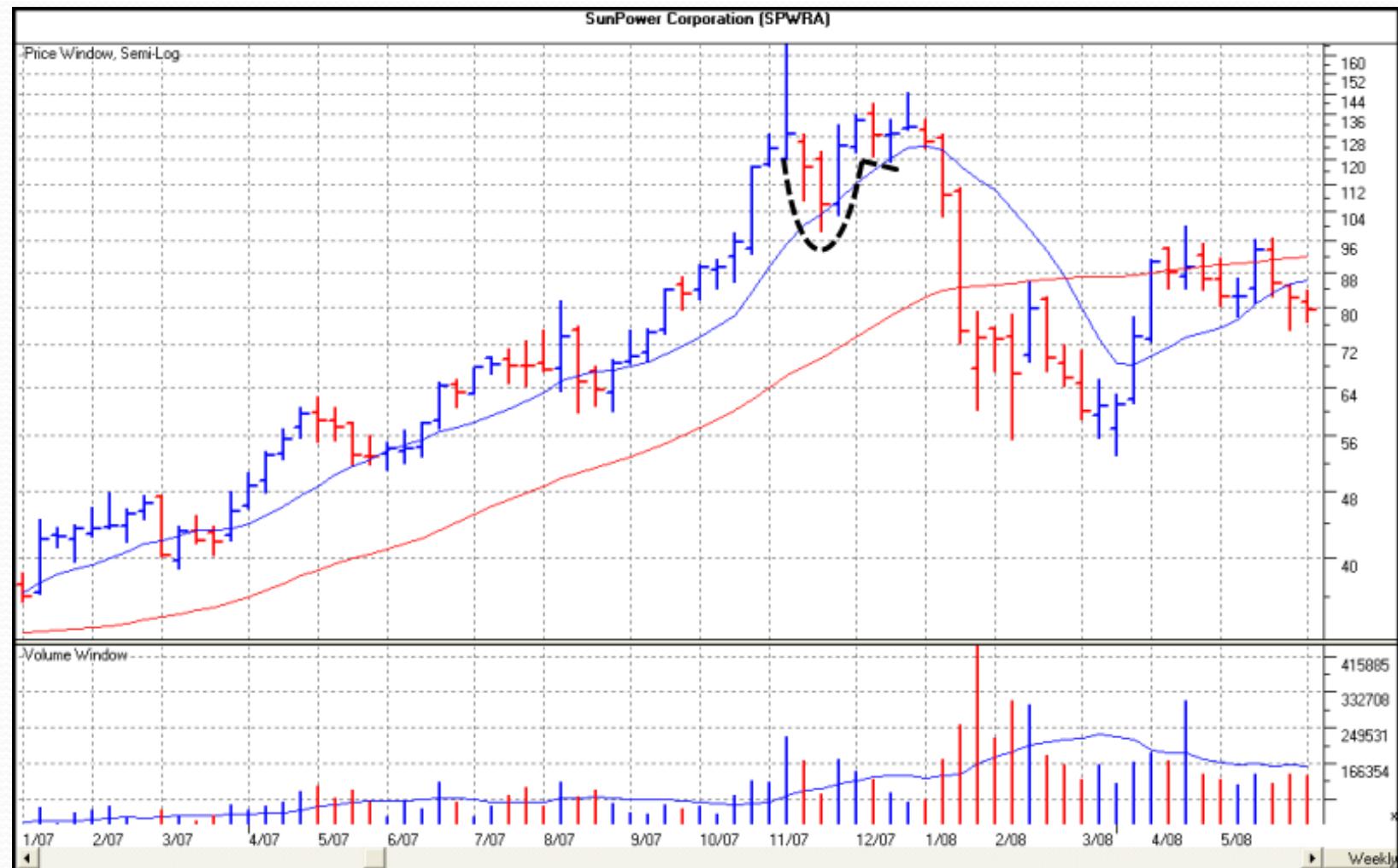
Riverbed Technology, Inc.(RVBD) - 2011



Research in Motion, Ltd. (RIMM) - 2008



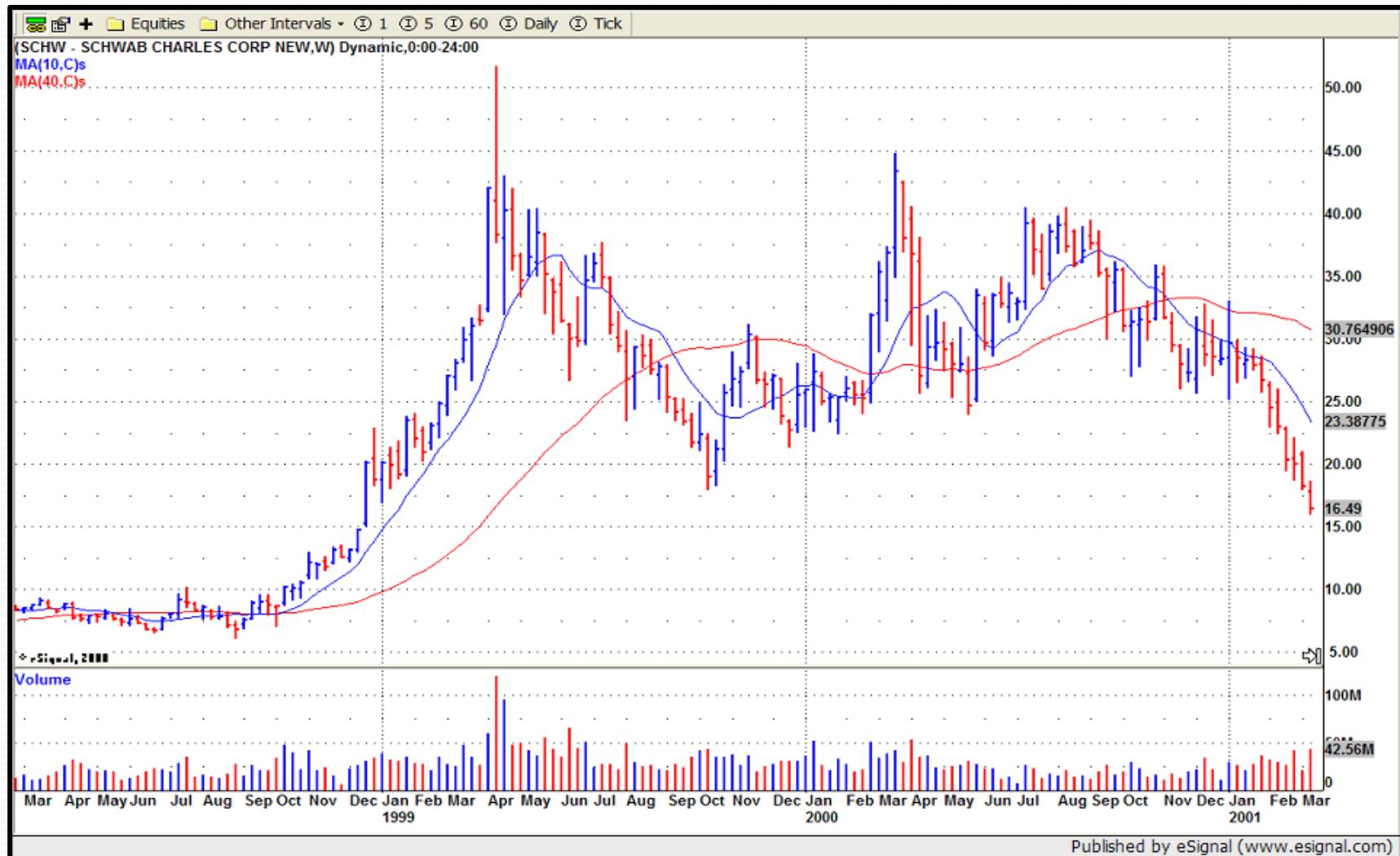
Sunpower Corporation (SPWRA) – 2007-2008



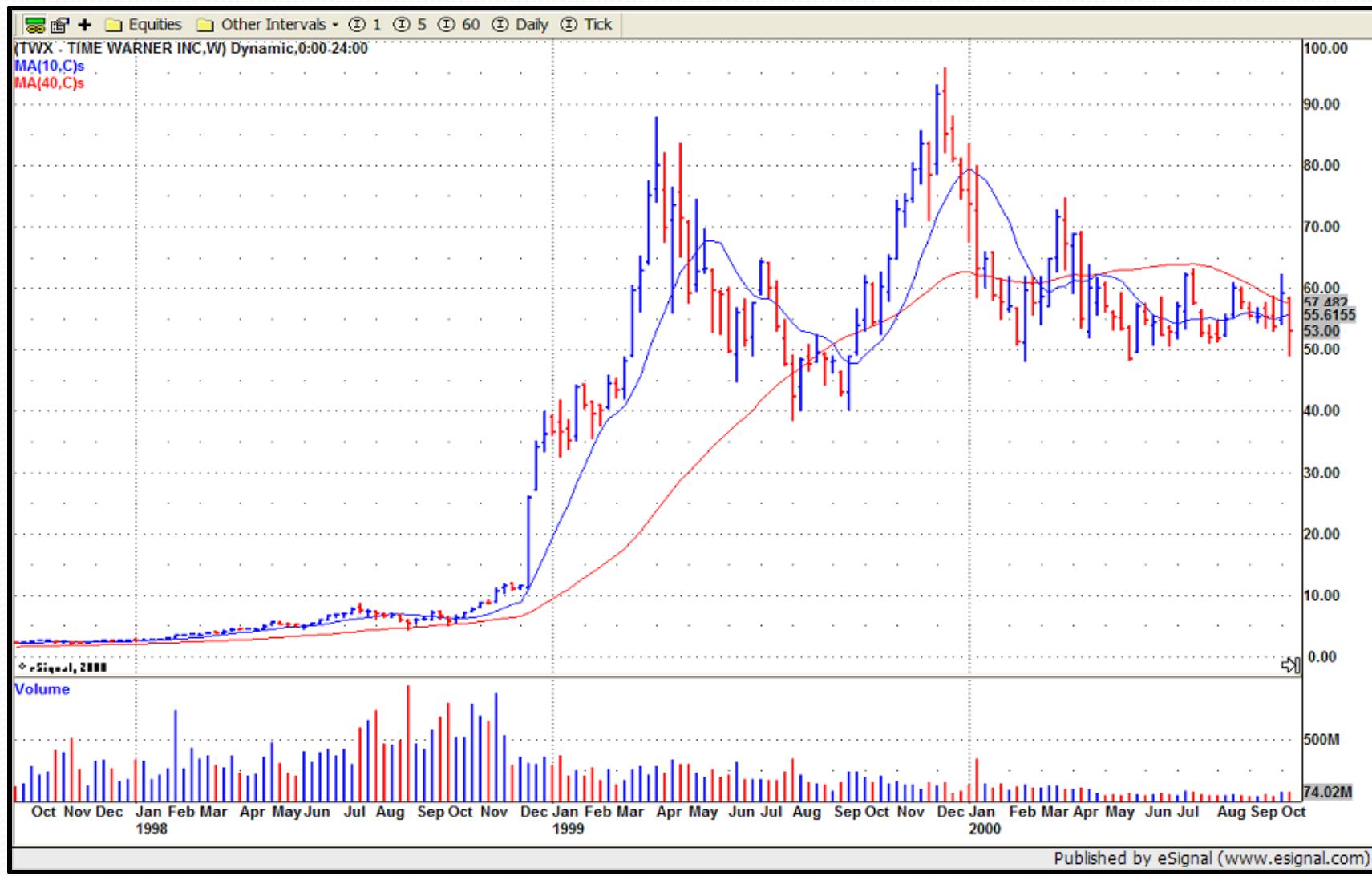
Punchbowl of Death Top Formation



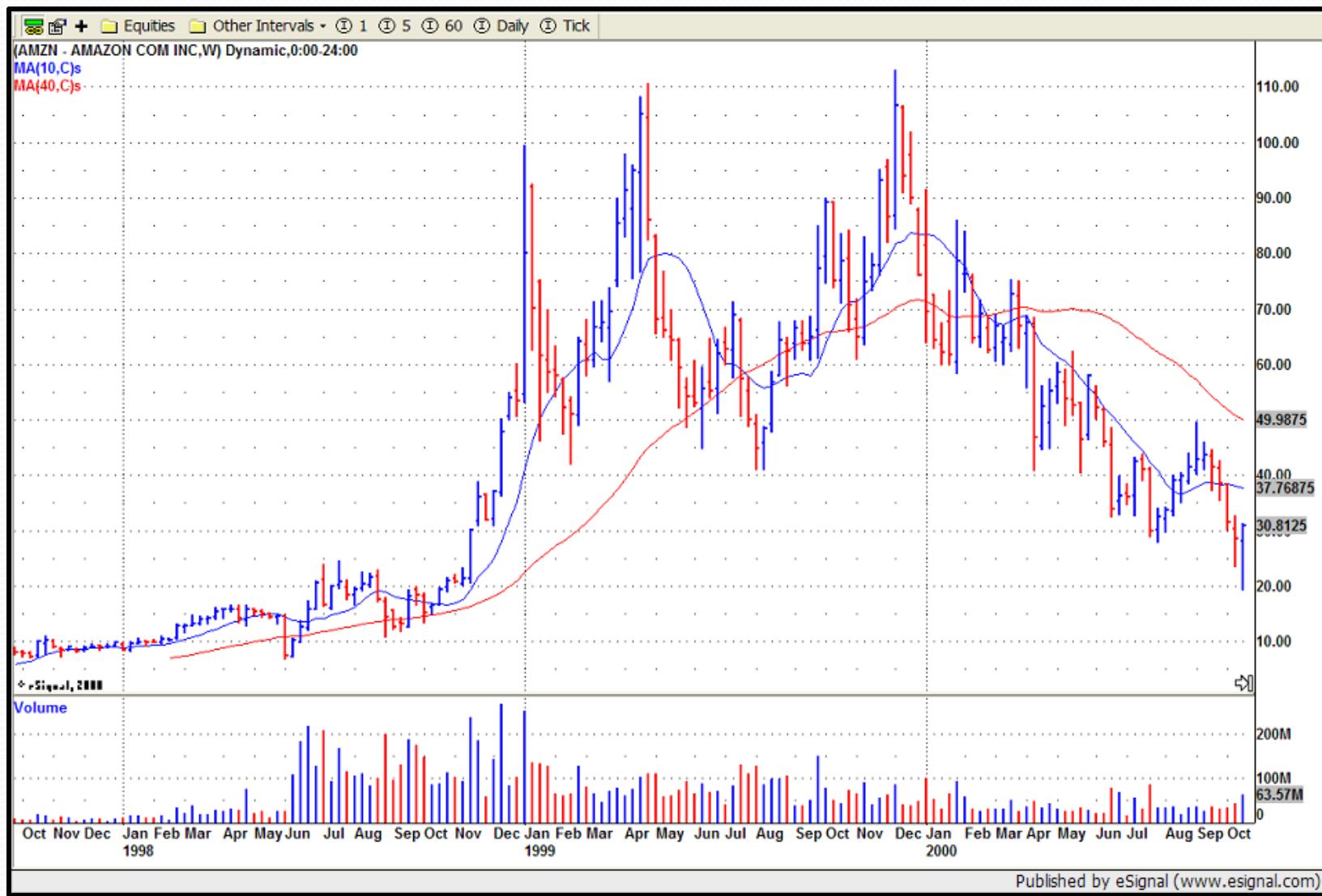
Charles Schwab & Co. (SCHW) 2000



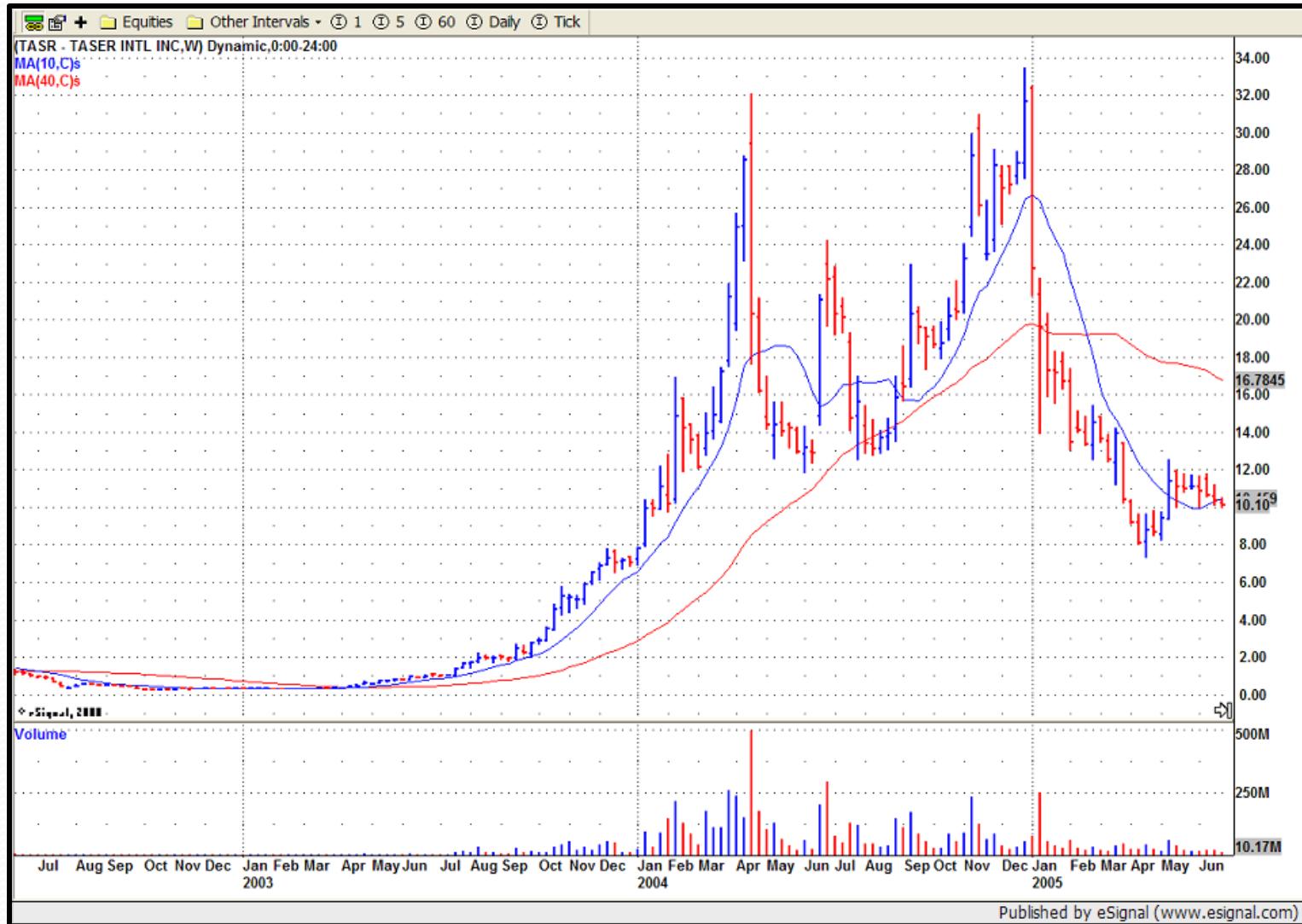
America Online (AOL) - 2000



Amazon.com (AMZN) 1999



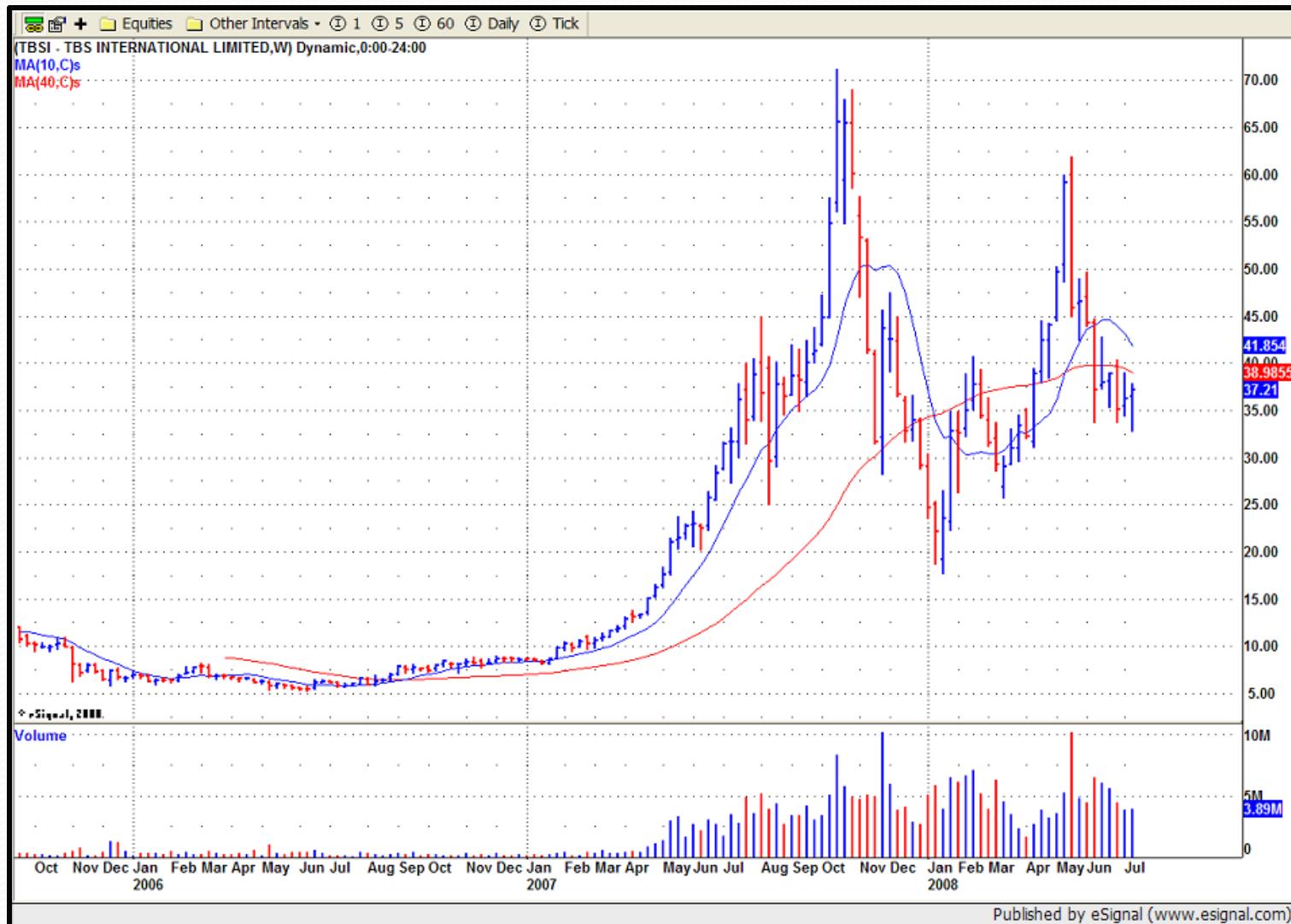
Taser International, Inc. (TASR) – 2004-2005



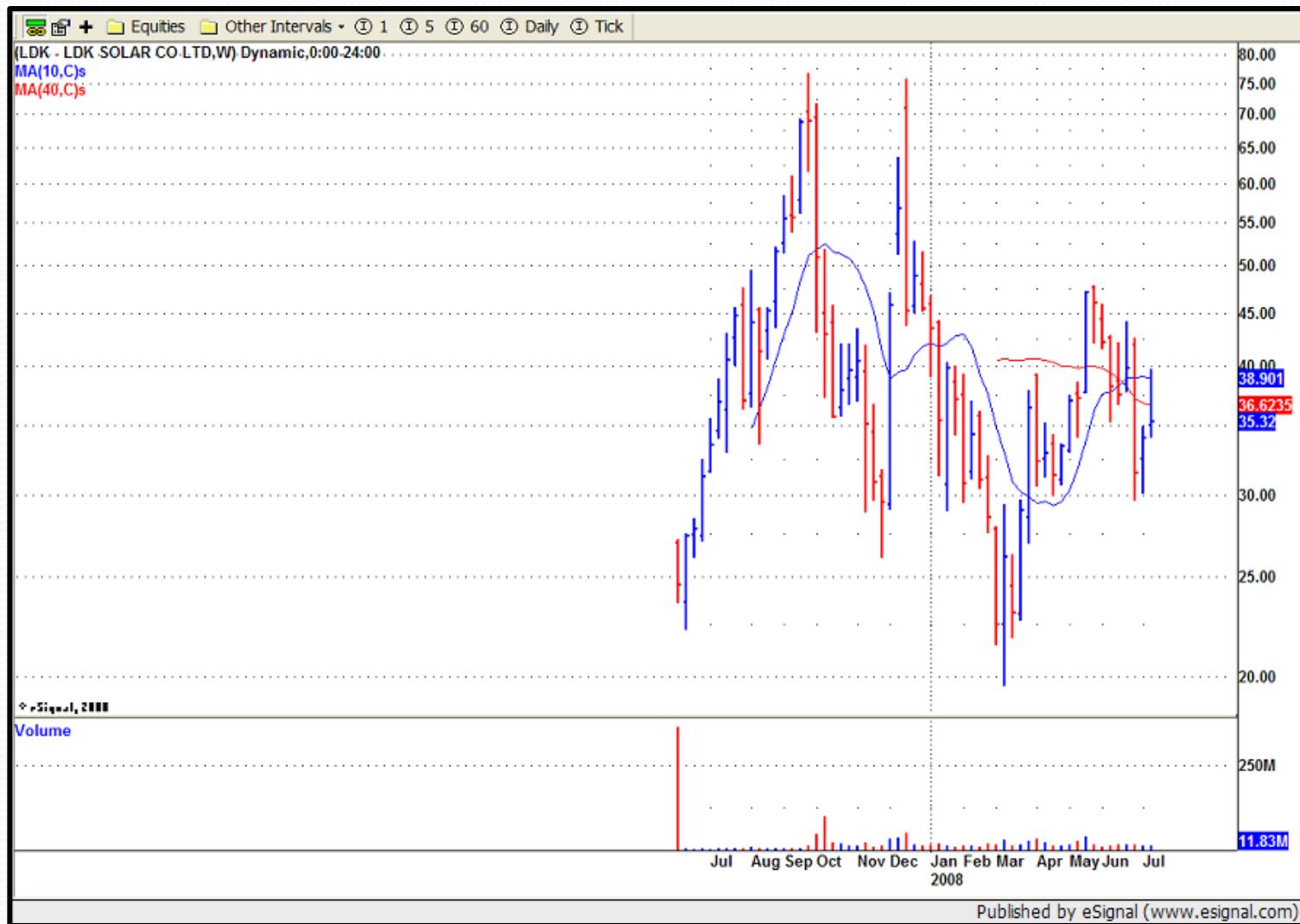
Dryships, Inc. (DRYS) - 2008



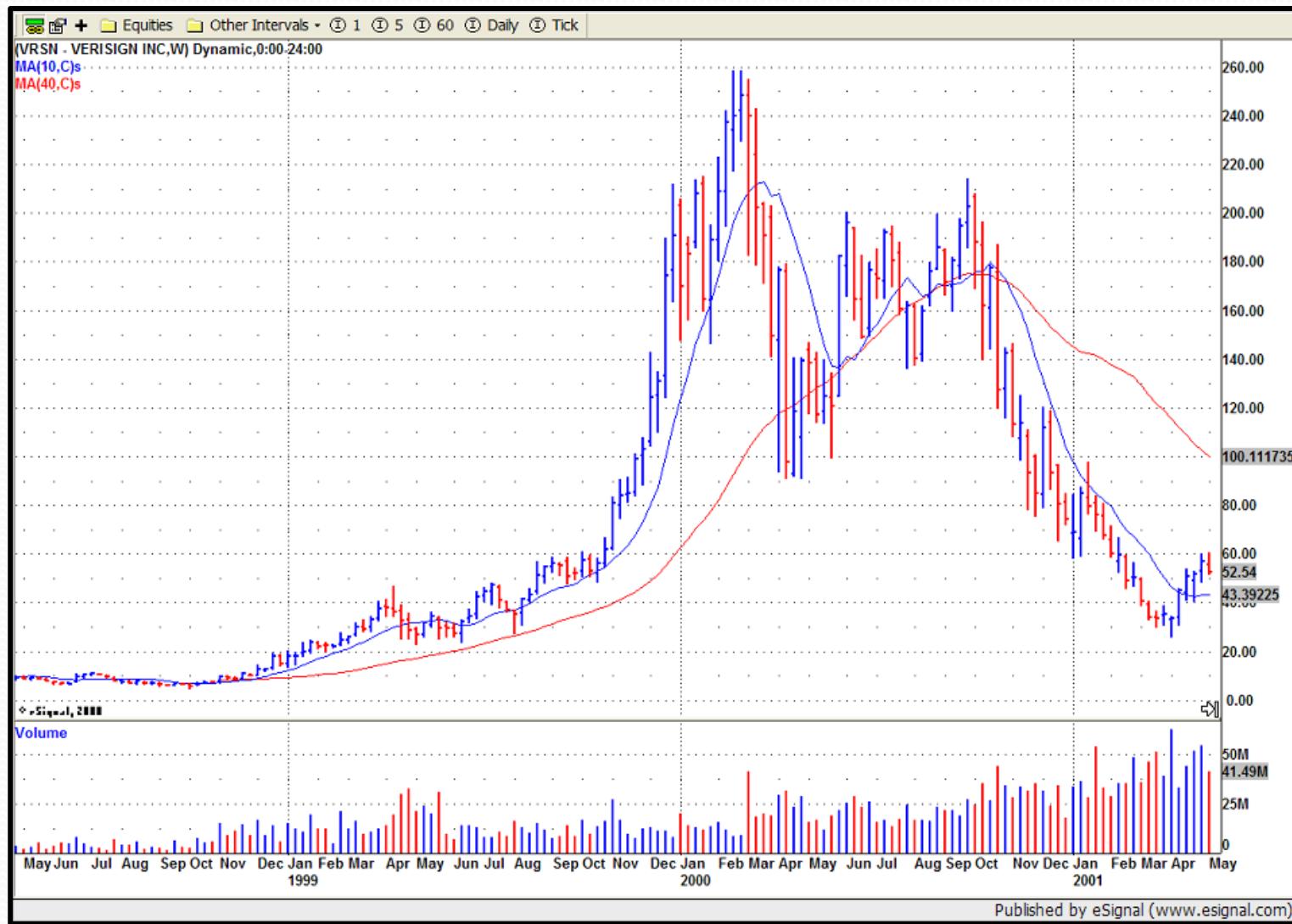
TBS International, Ltd. (TBSI)



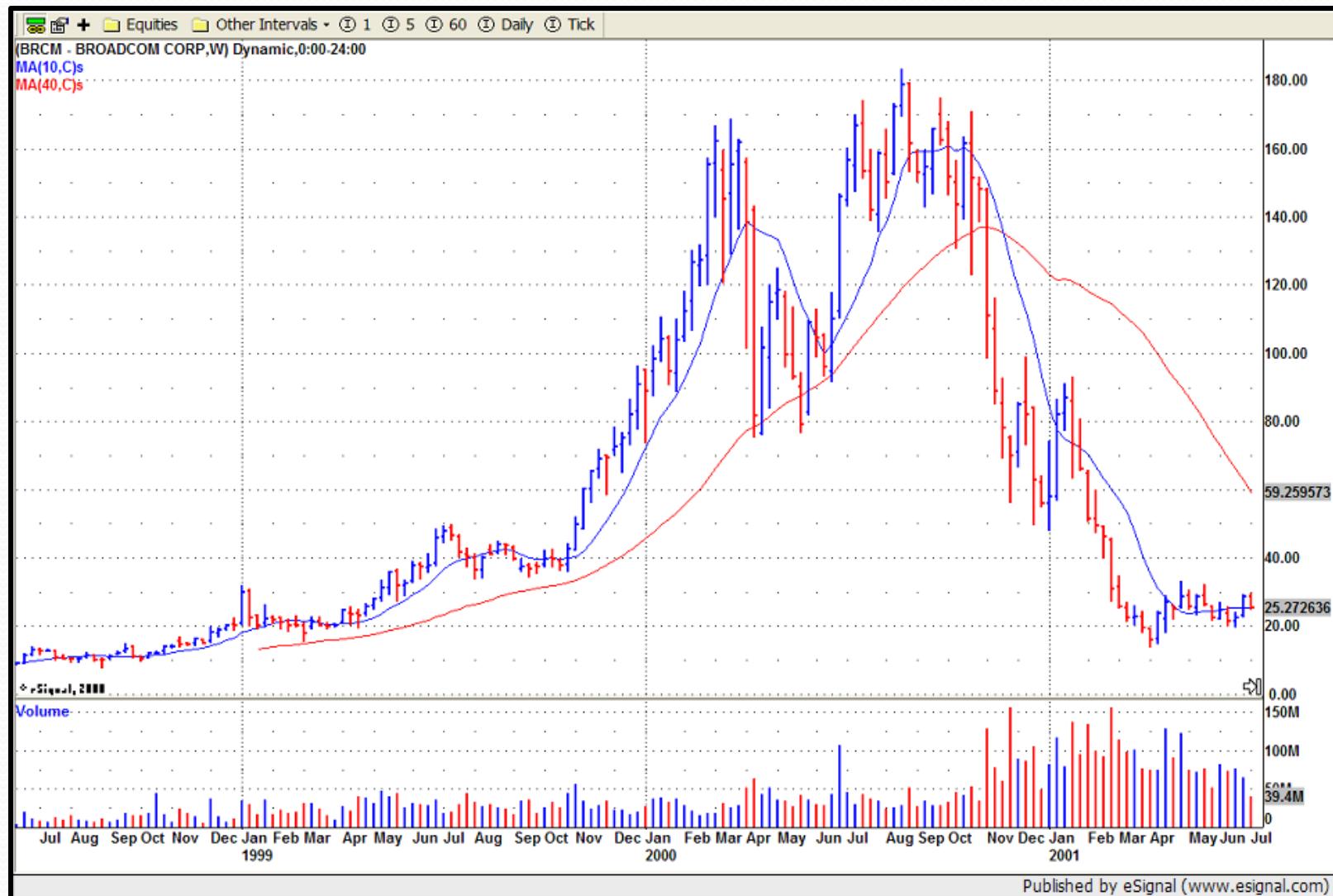
LDK Solar Co., Ltd. (LDK) – 2007-2008



Verisign, Inc. (VRSN) - 2000

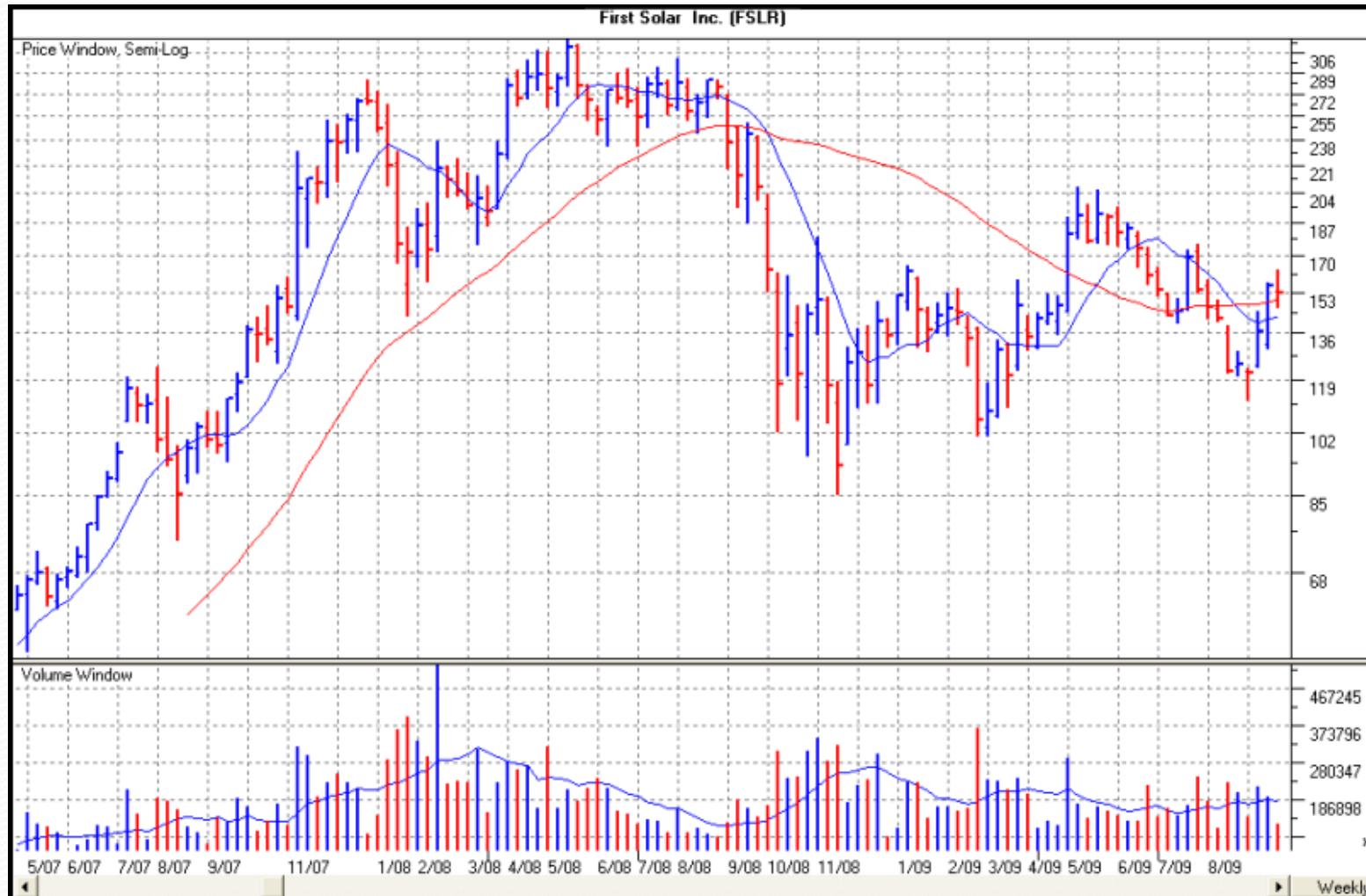


Broadcom Corp. (BRCM) - 2000



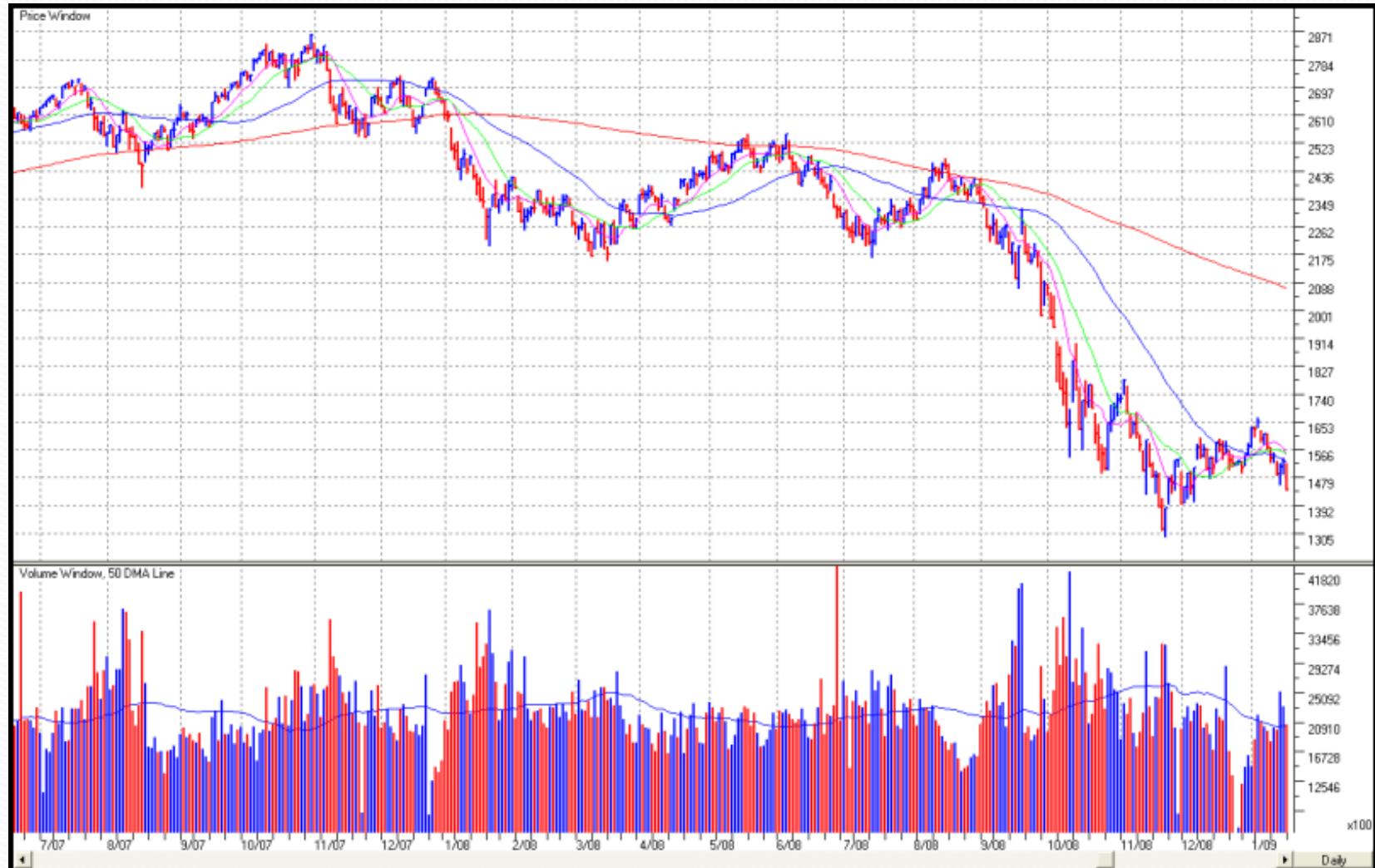
Published by eSignal (www.esignal.com)

First Solar, Inc. (FSLR) - 2007

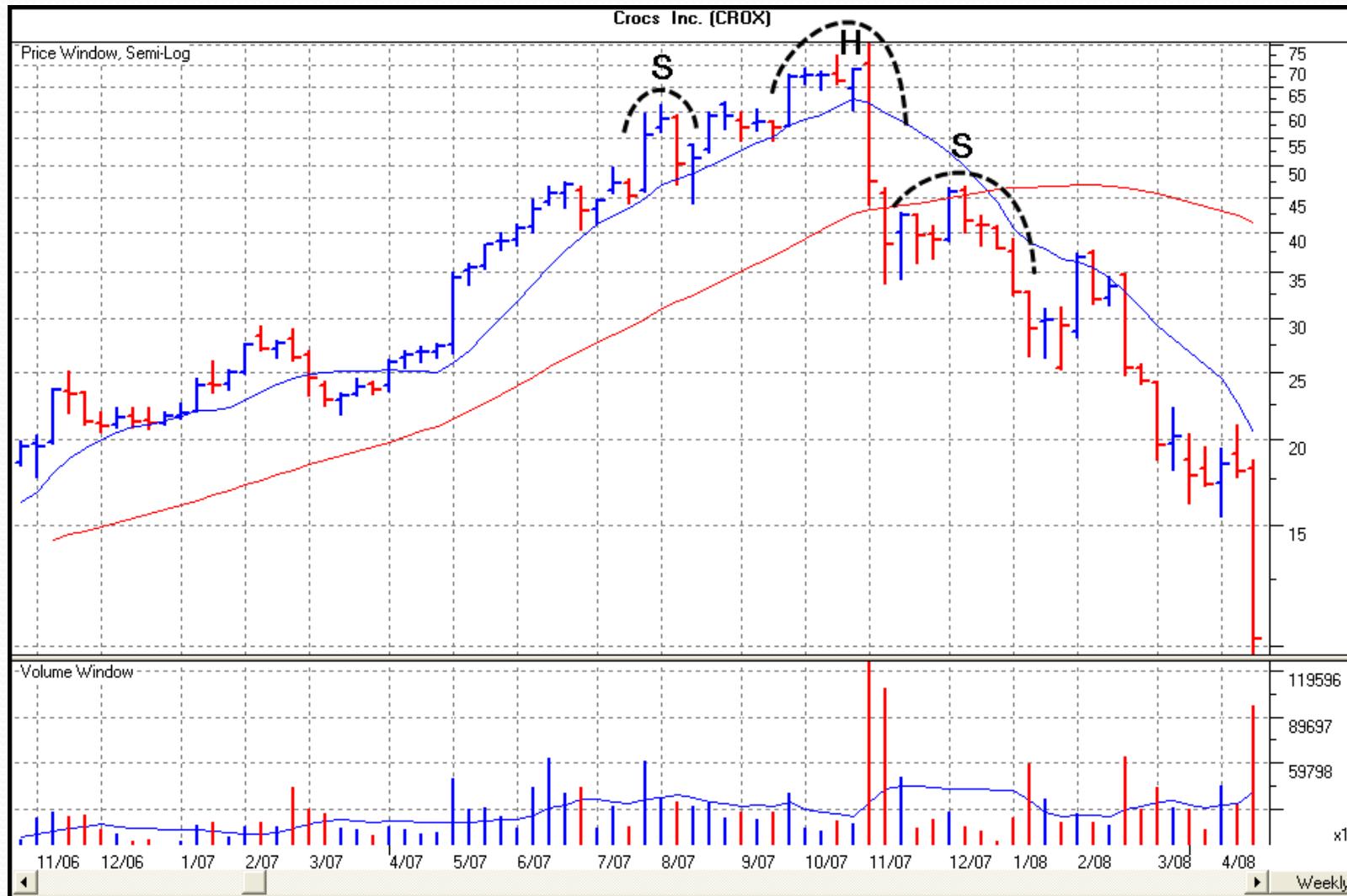


Short-Selling Mechanics

NASDAQ Composite Index – 2007 thru 2008



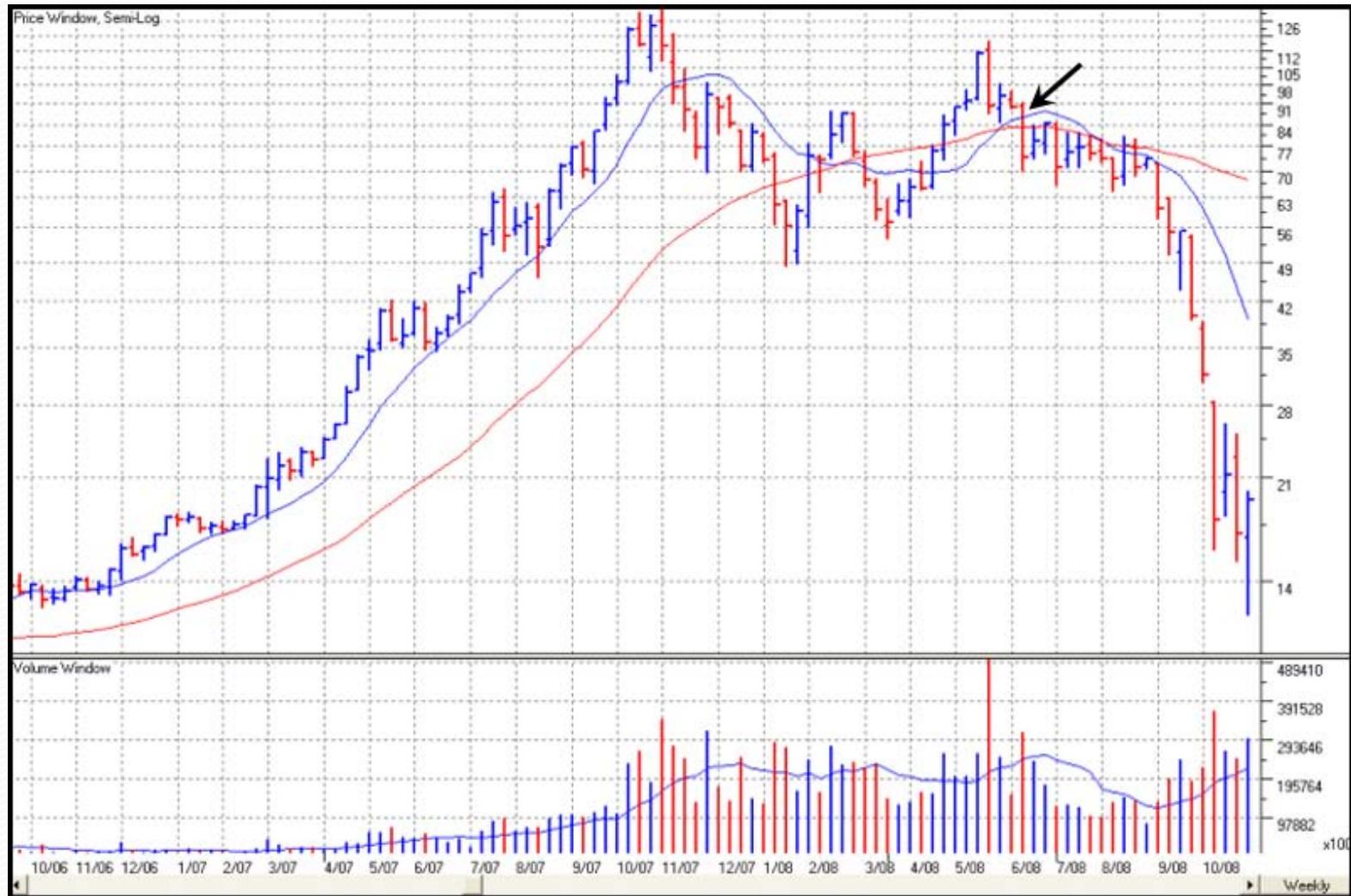
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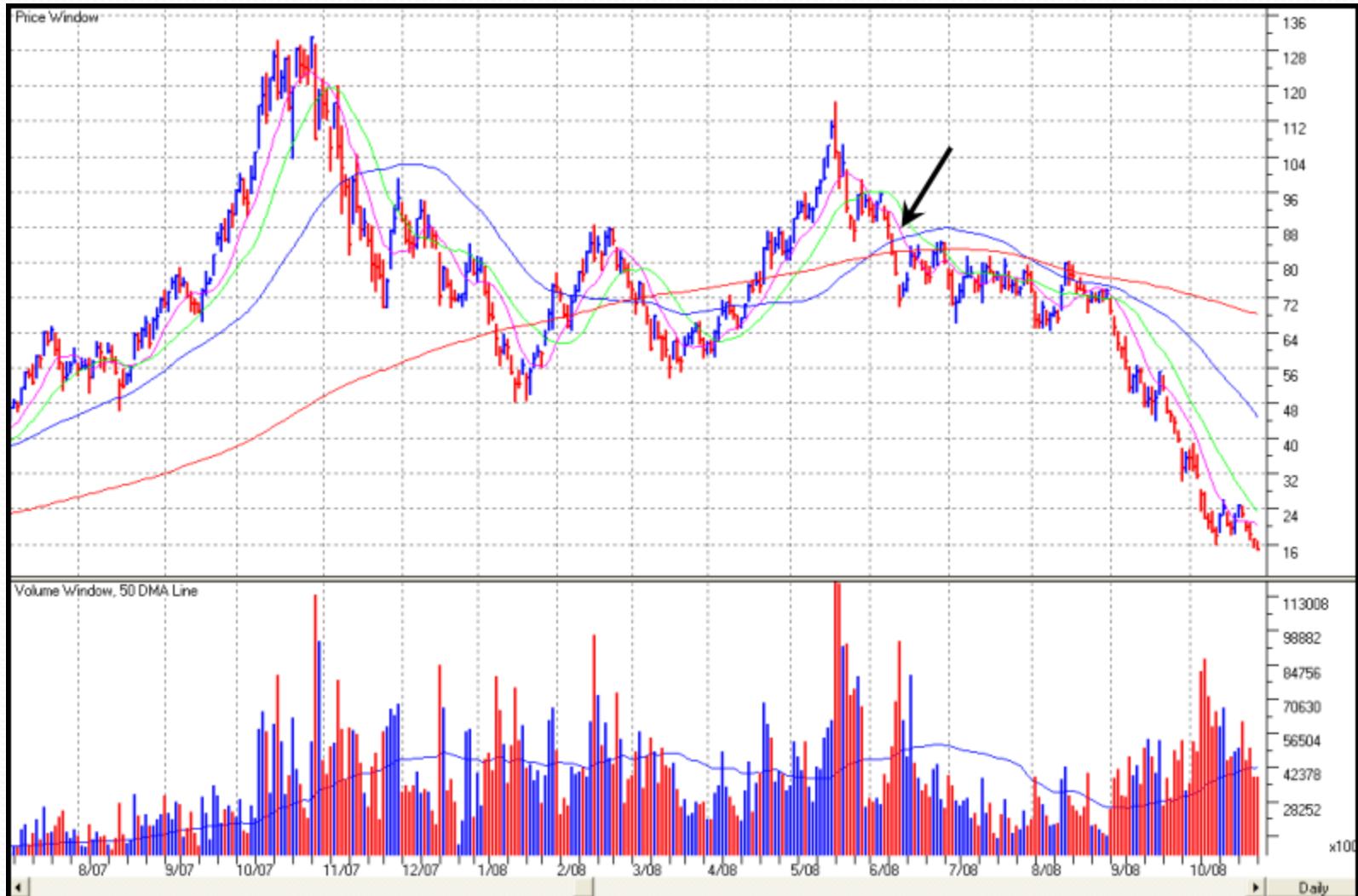
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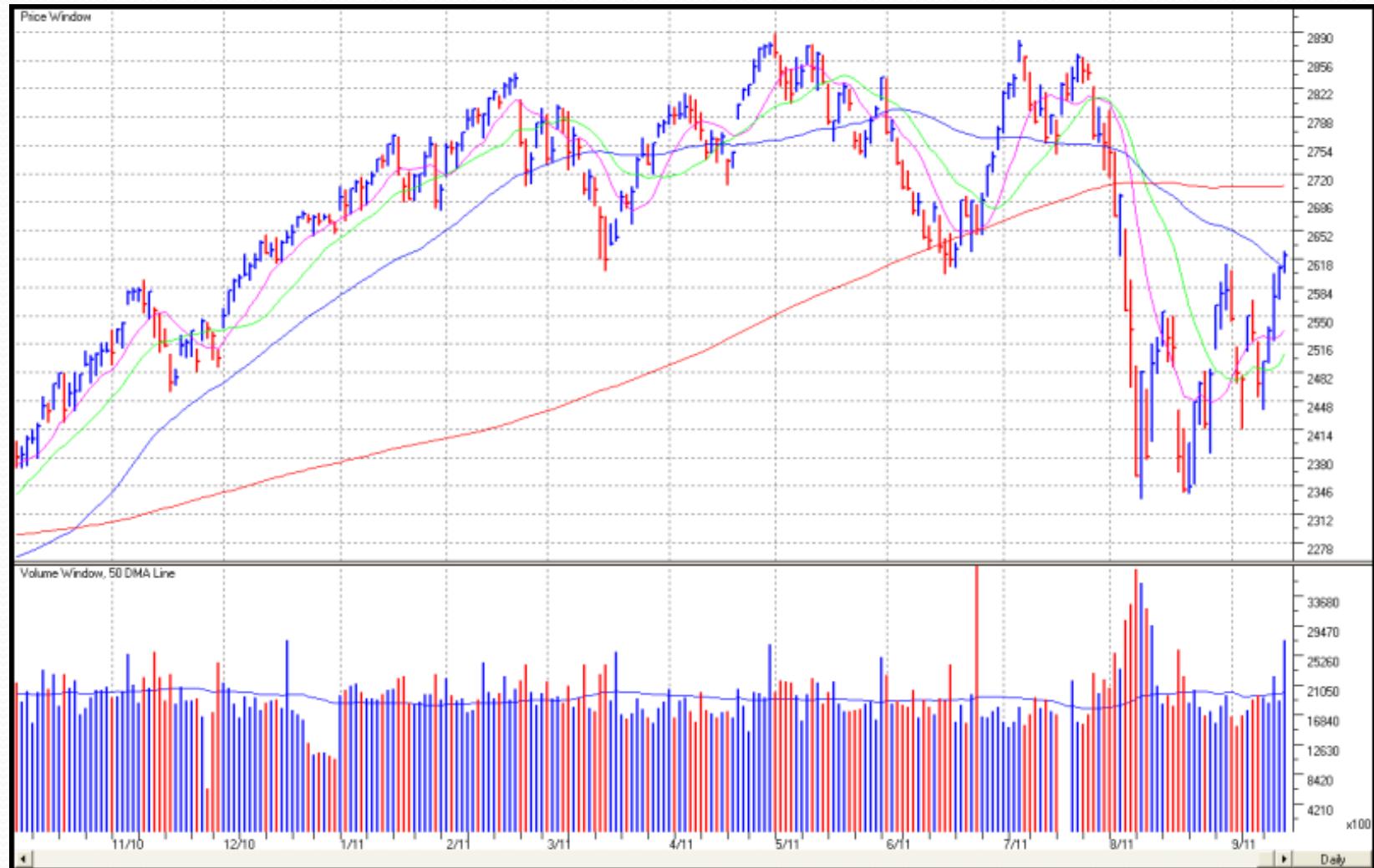
Dryships, Inc. (DRYS) – 2007-2008



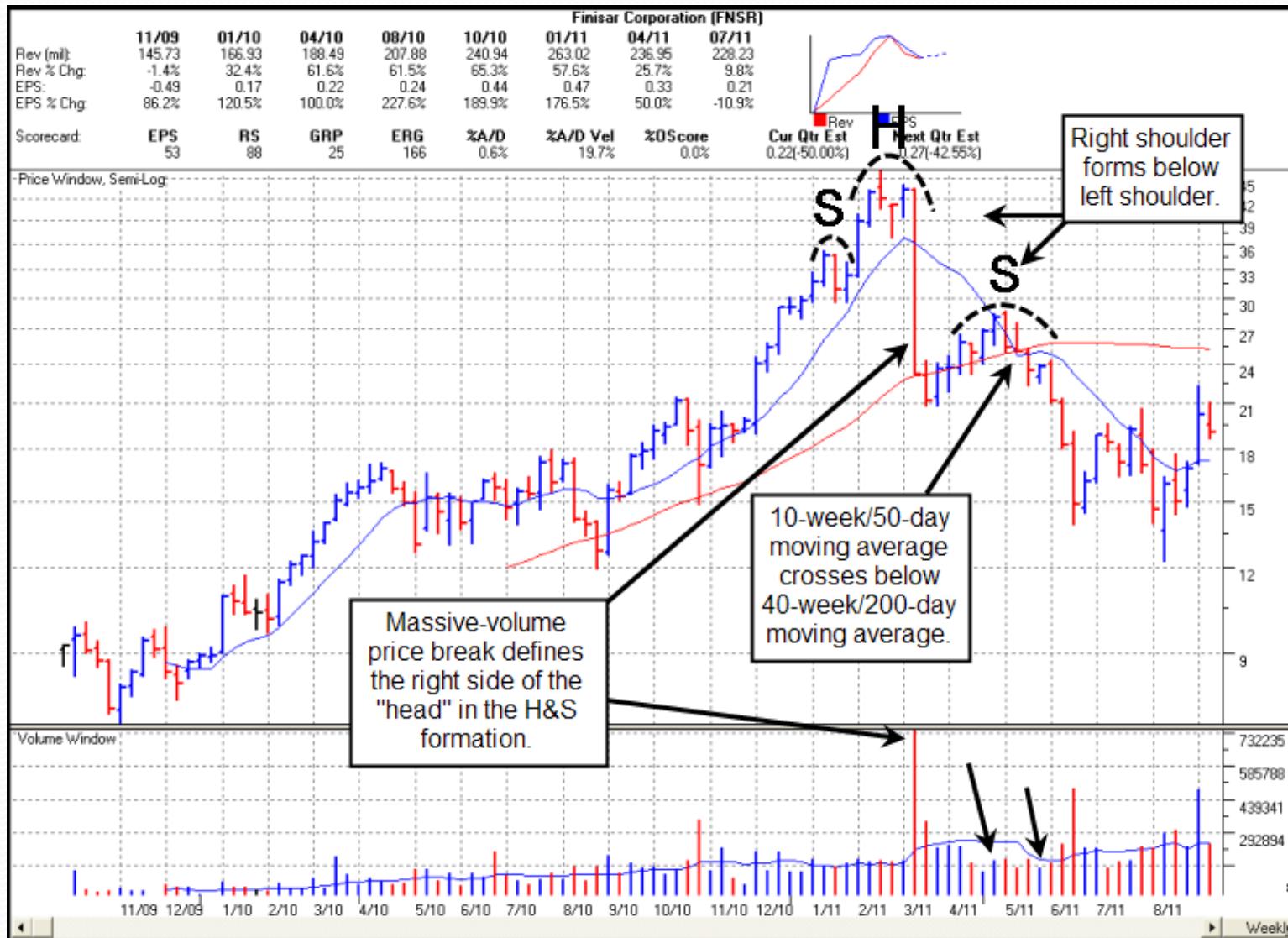
Dryships, Inc. (DRYS) – 2007-2008



NASDAQ Composite Index – 2011



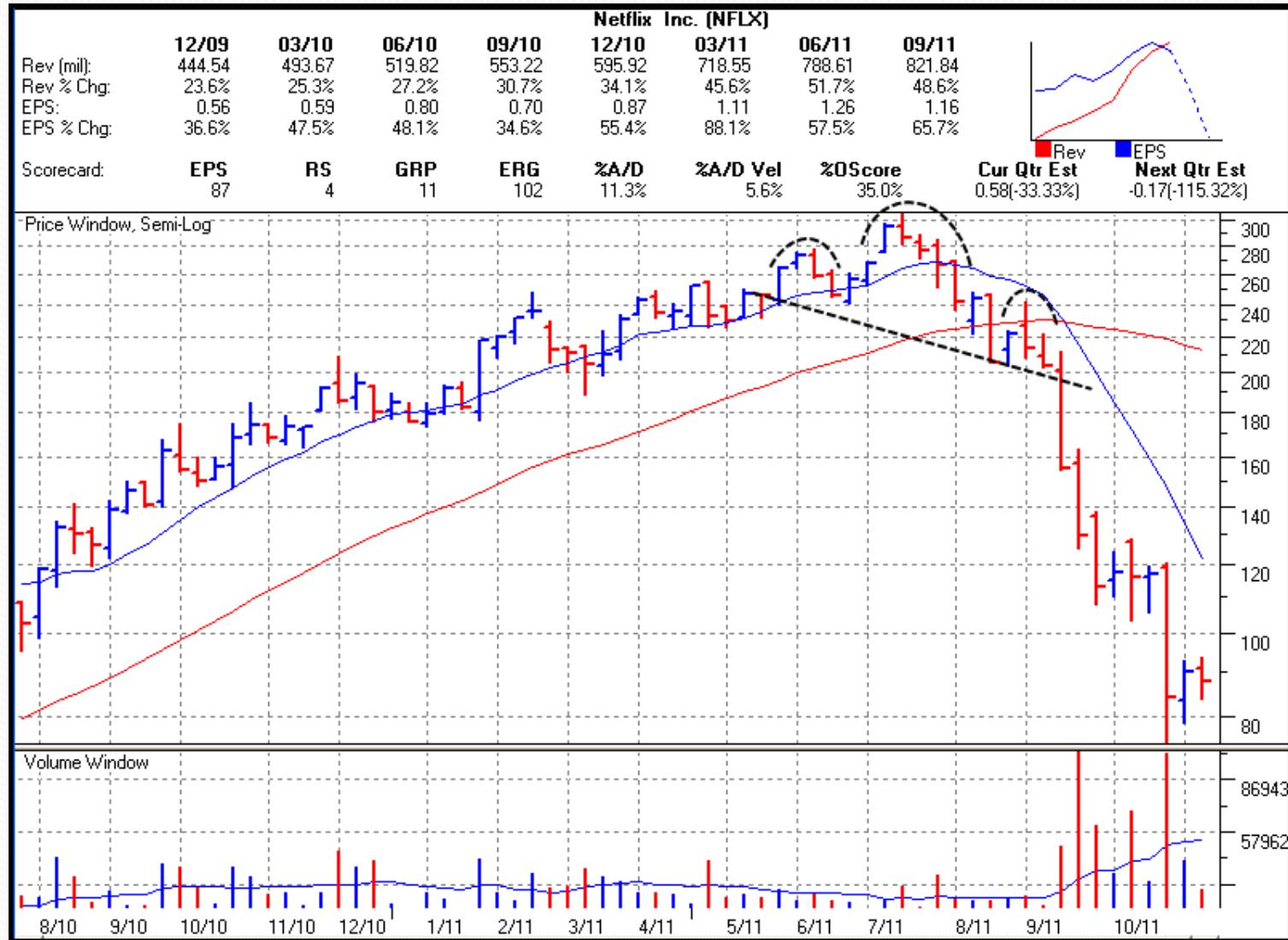
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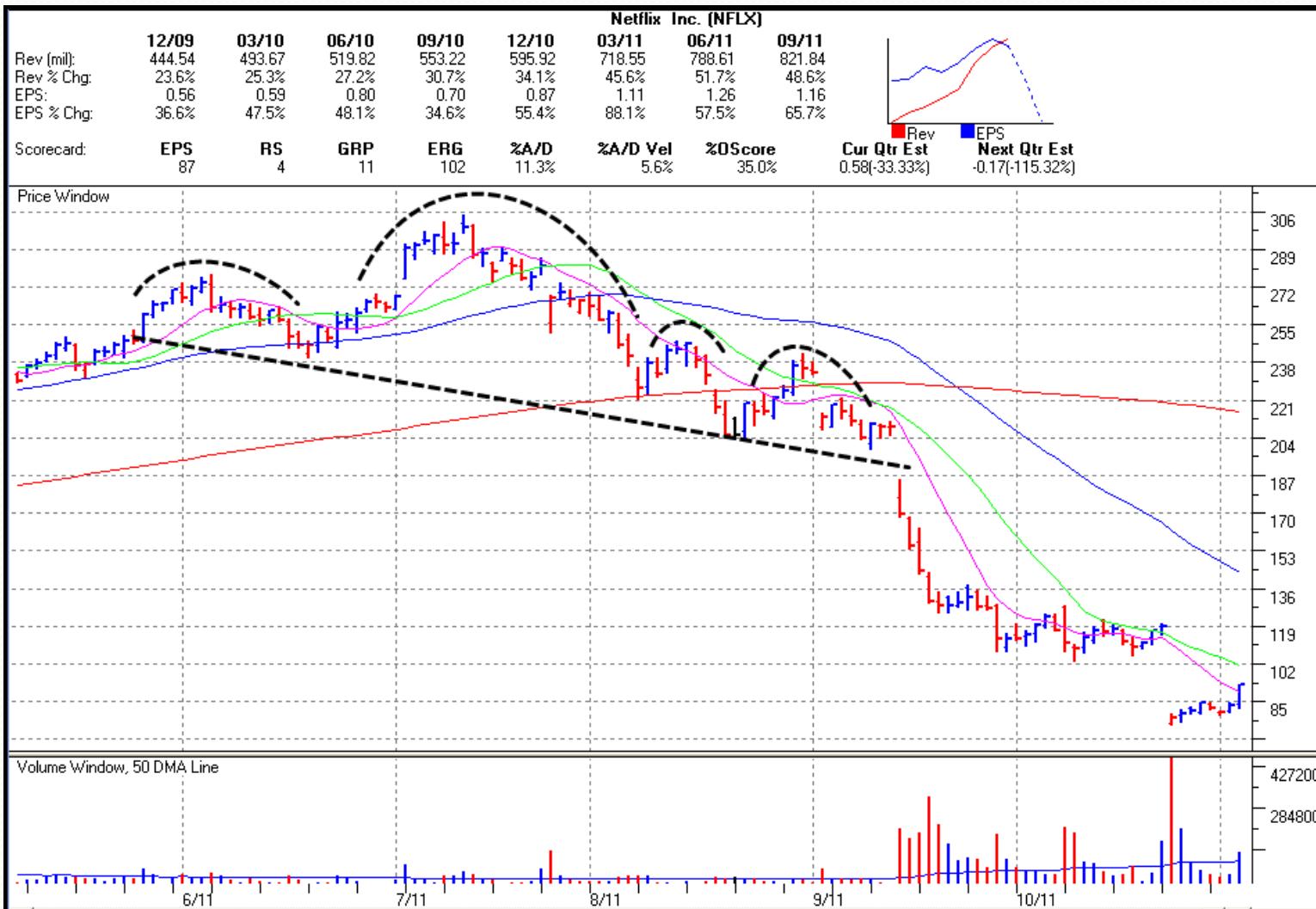
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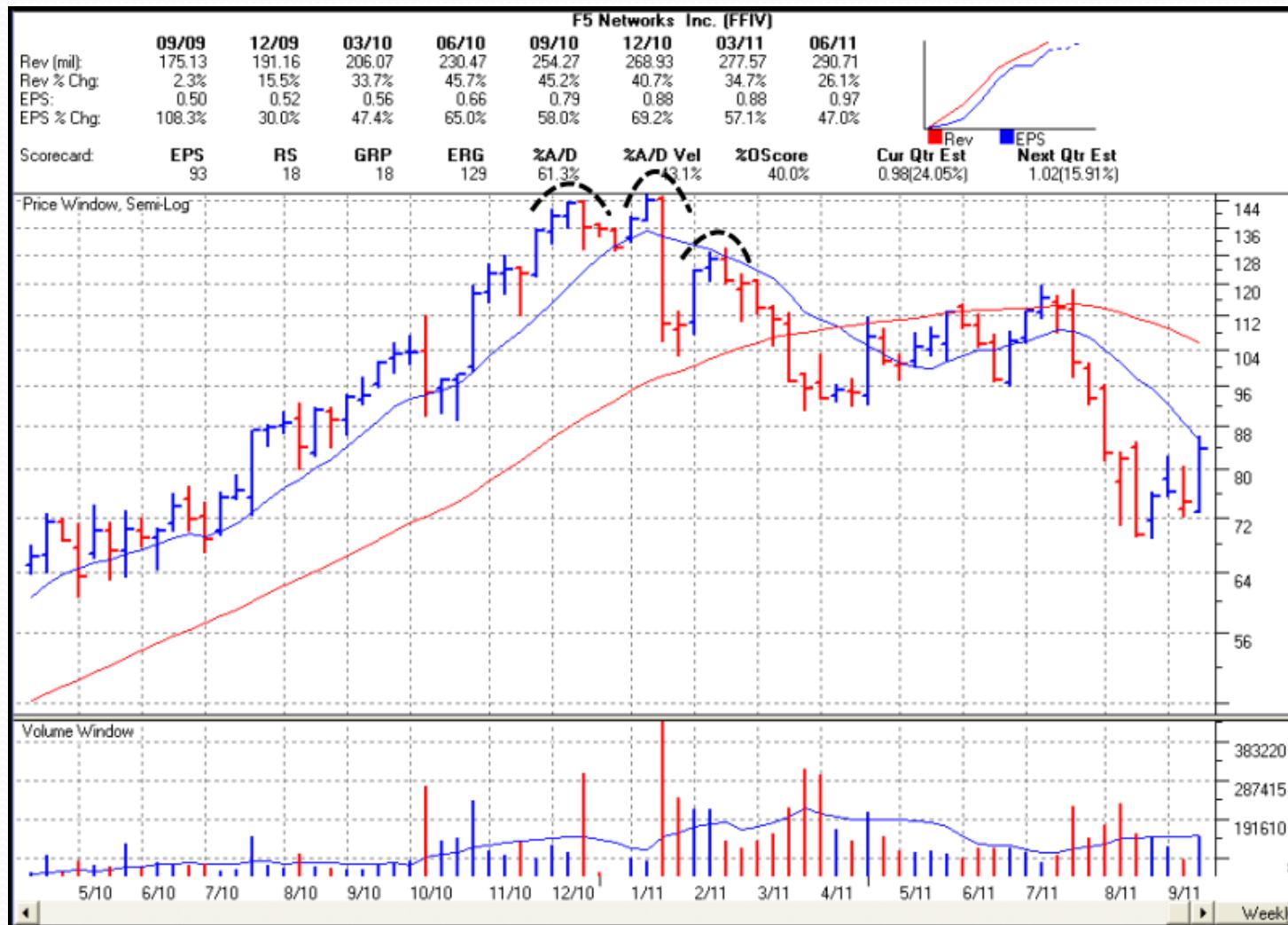
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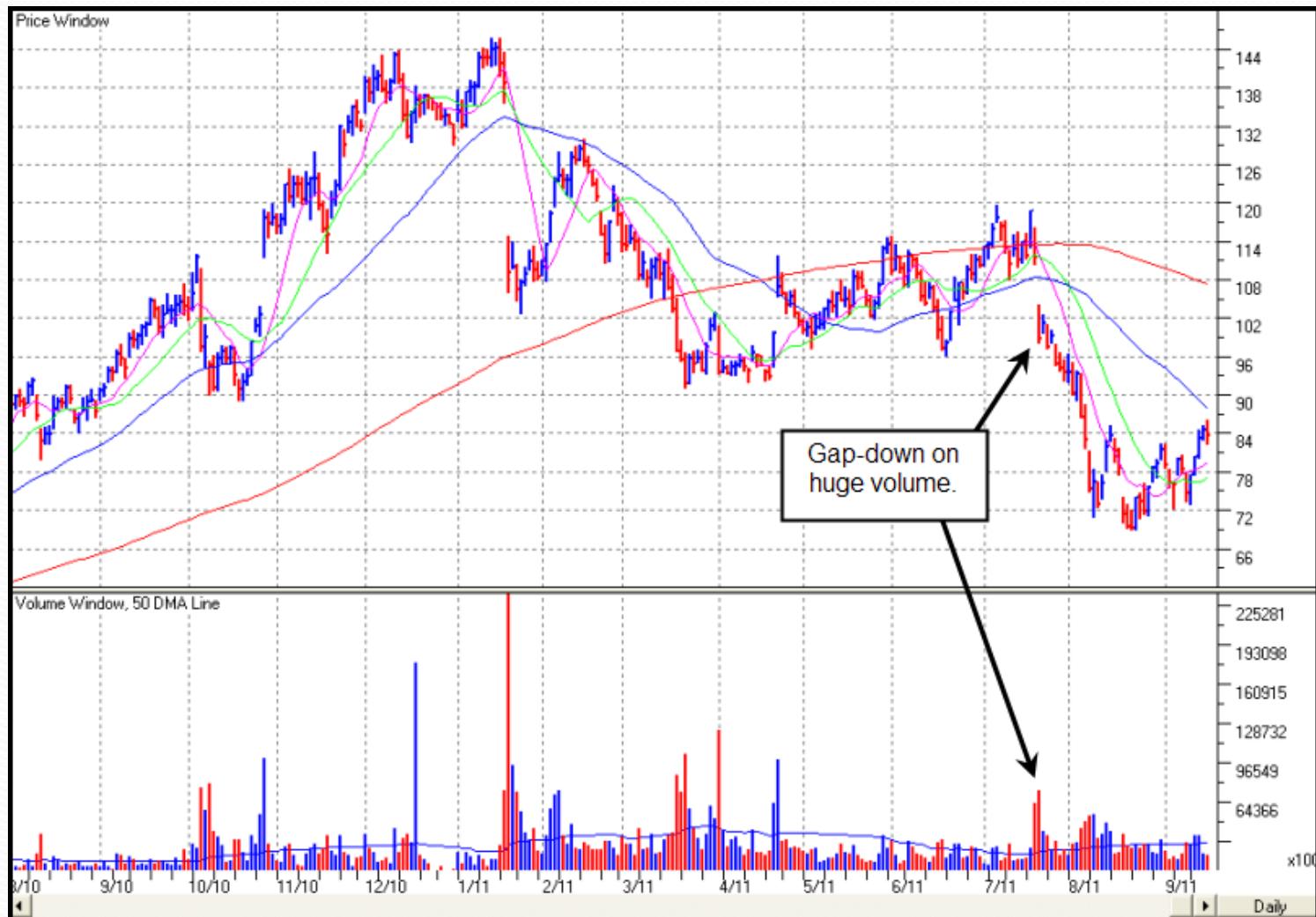
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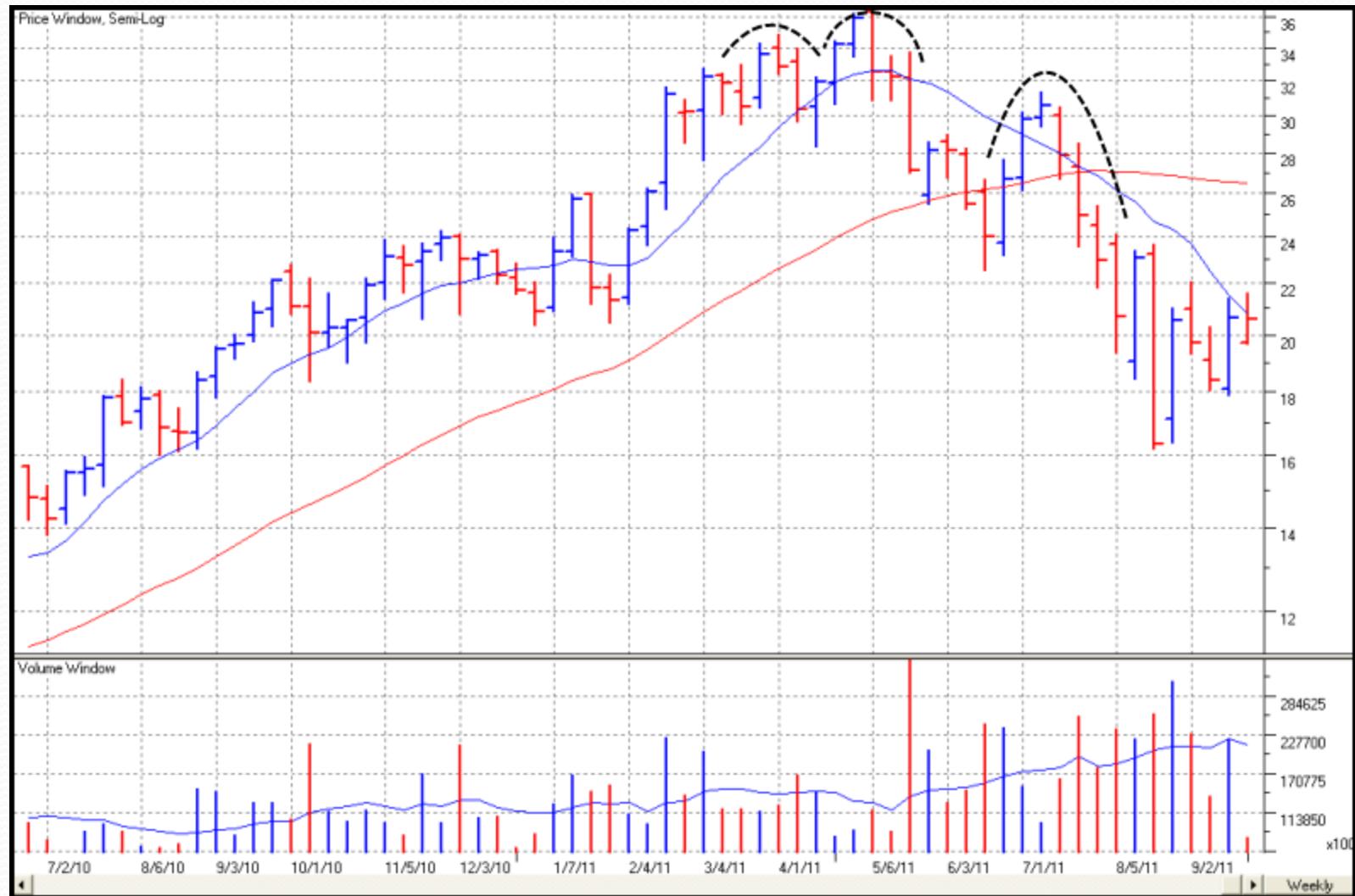
F5 Networks, Inc. (FFIV) - 2011



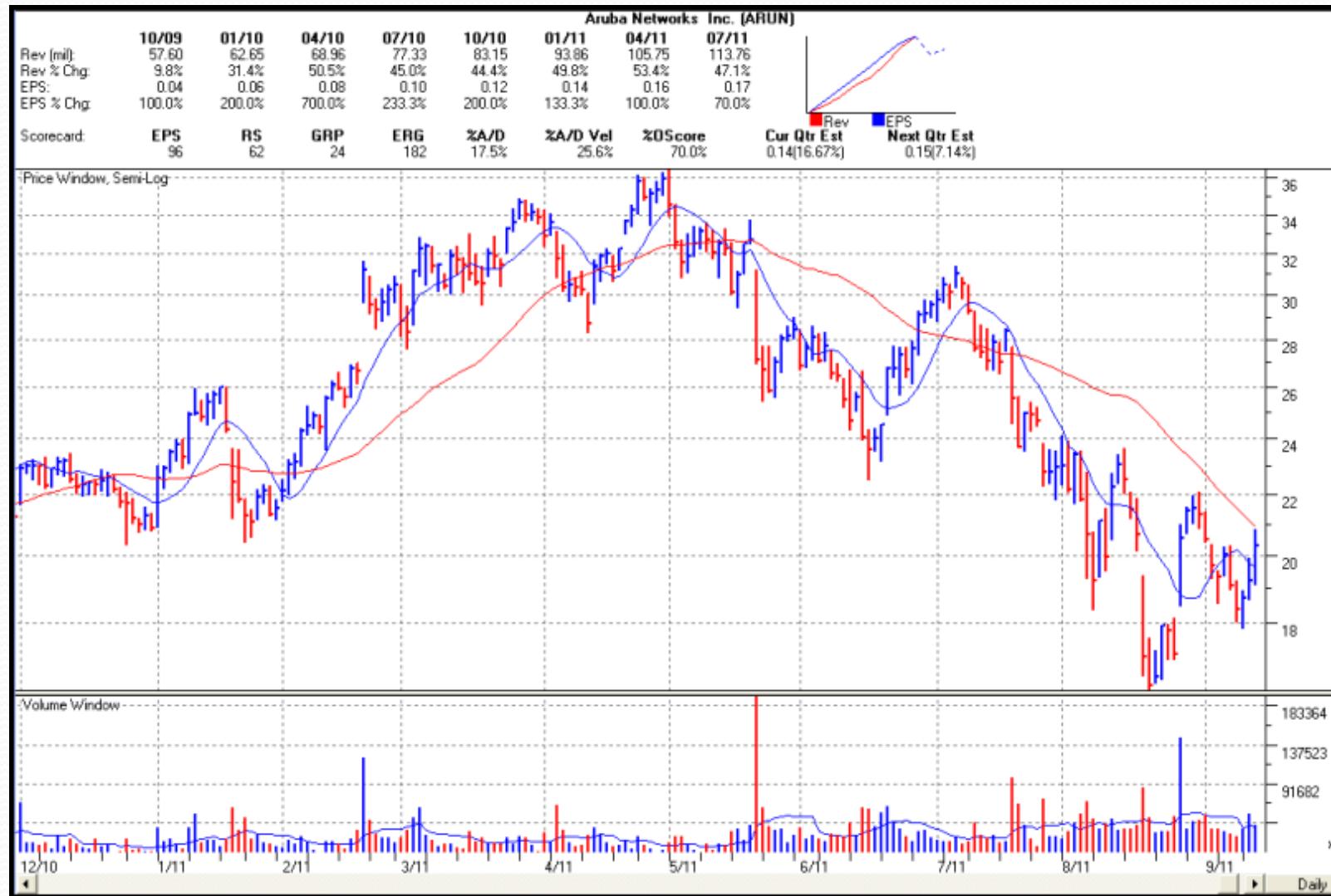
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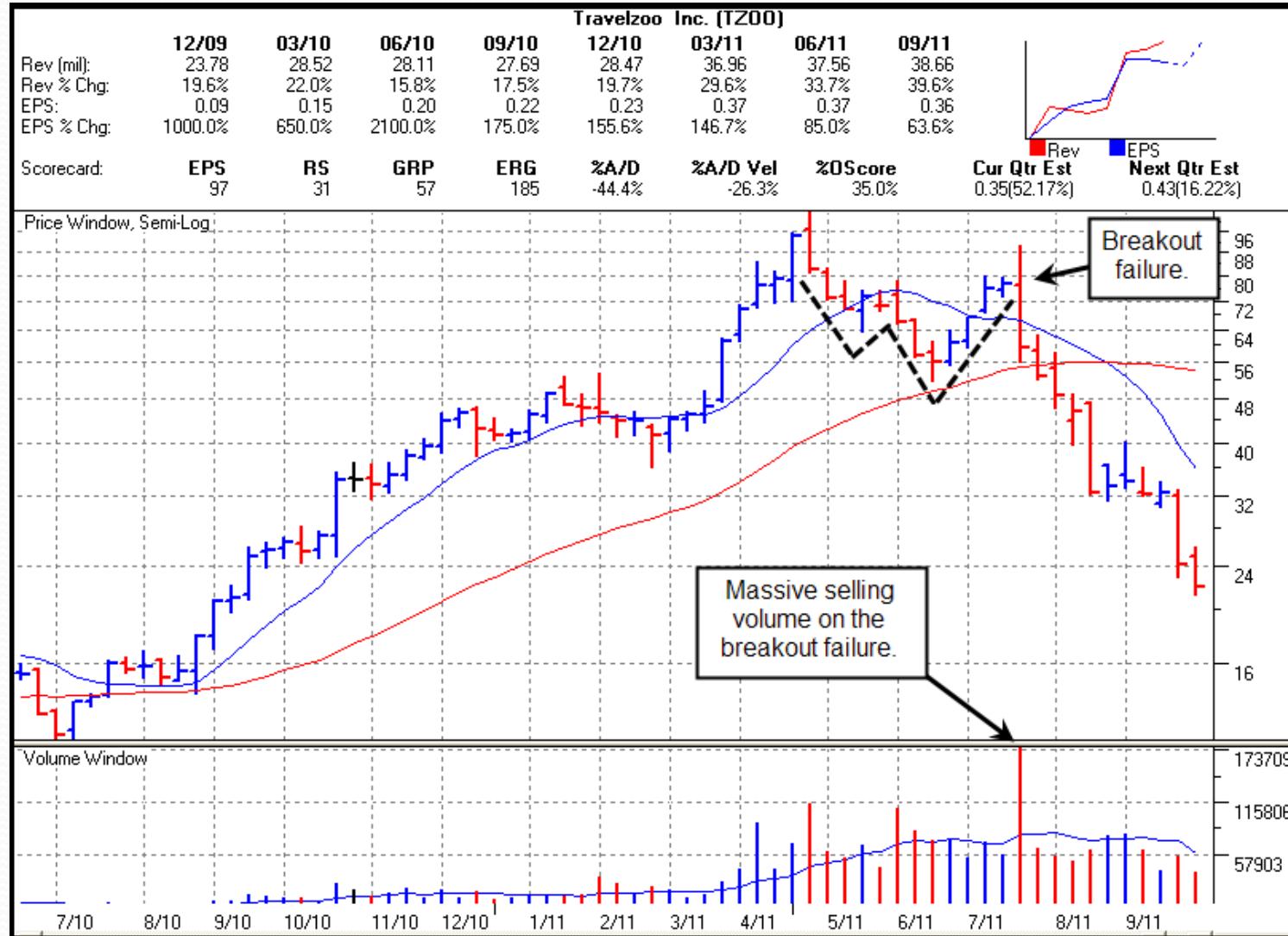
Aruba Networks, Inc. (ARUN) - 2011



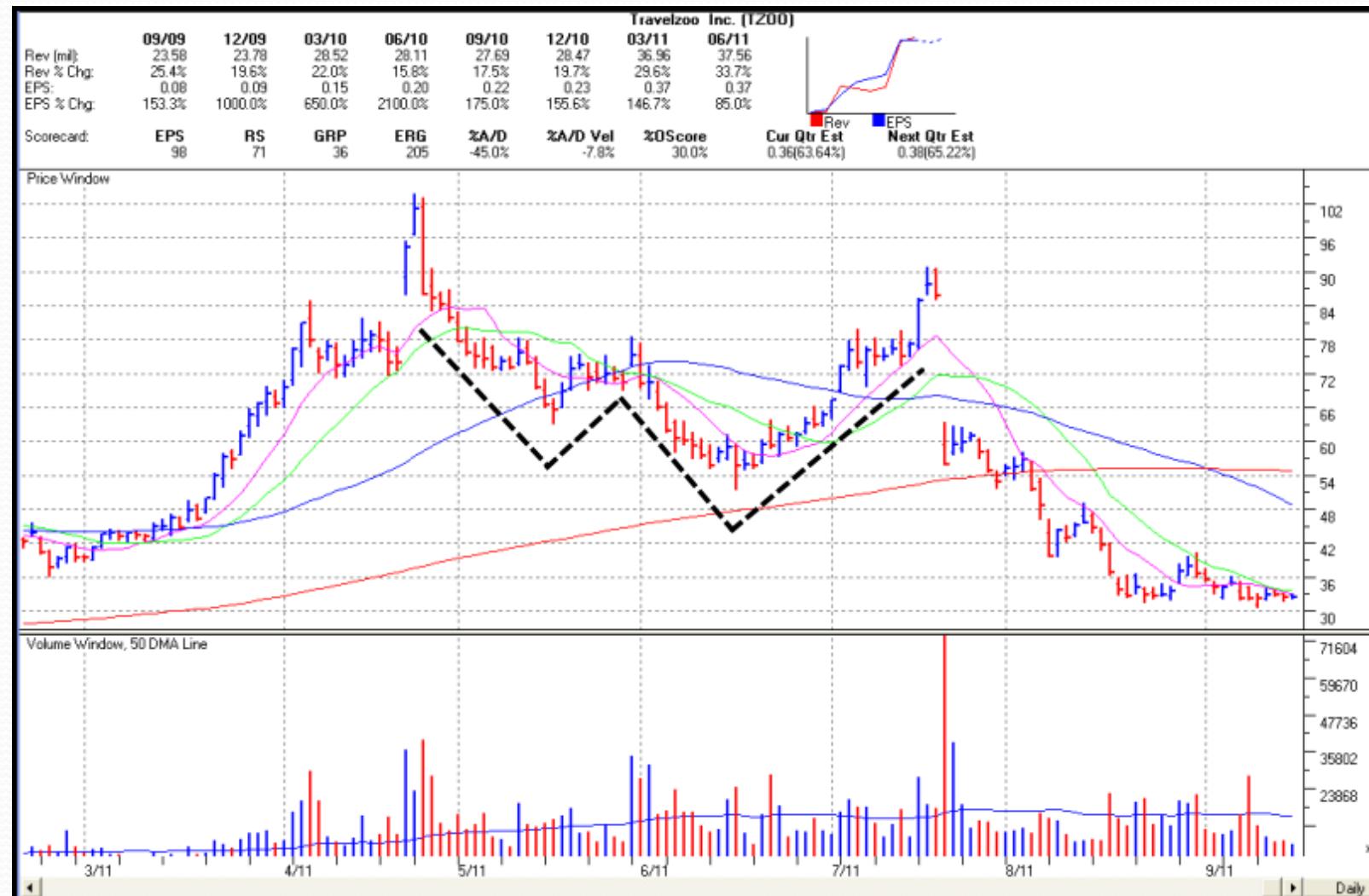
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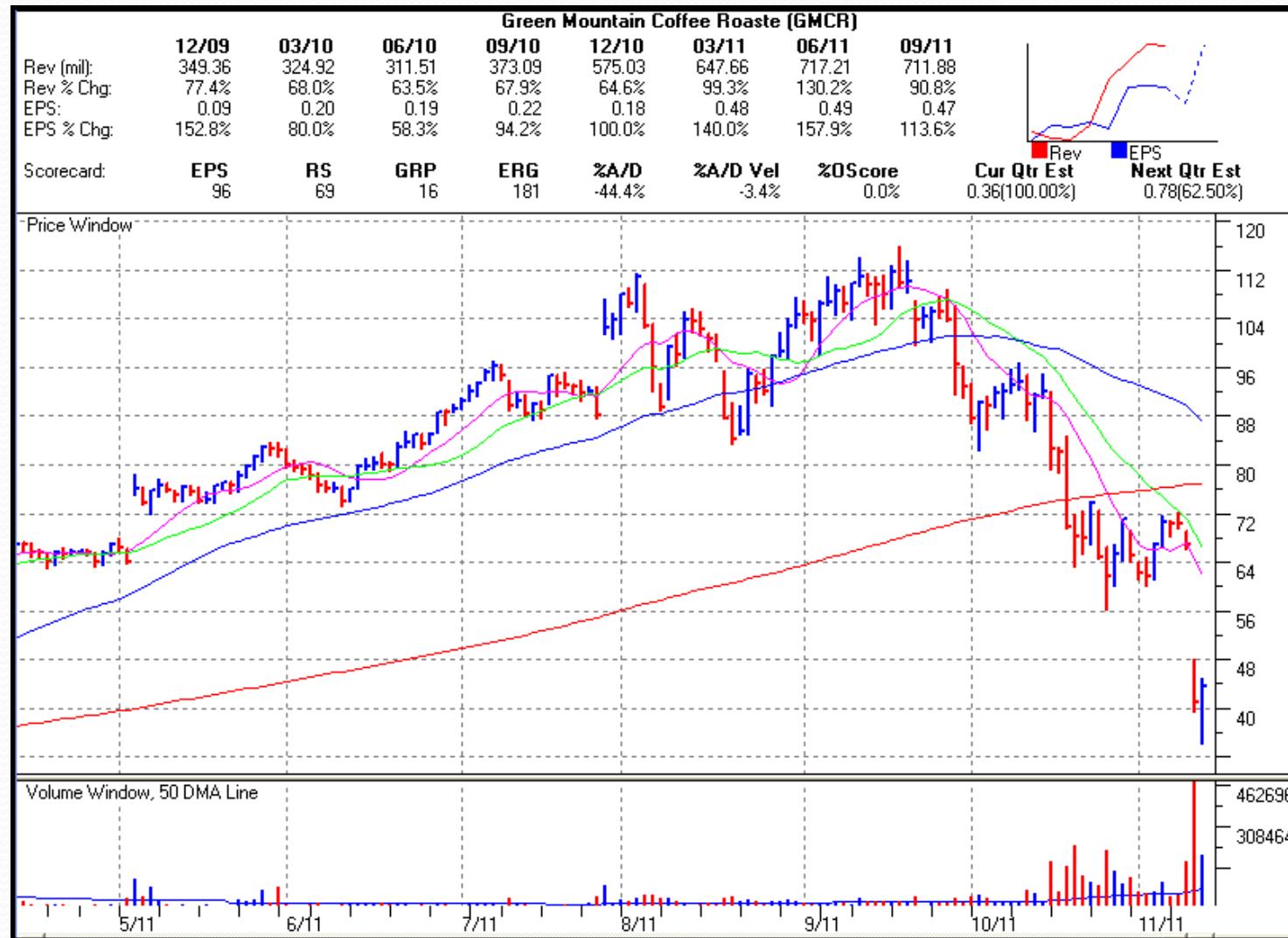
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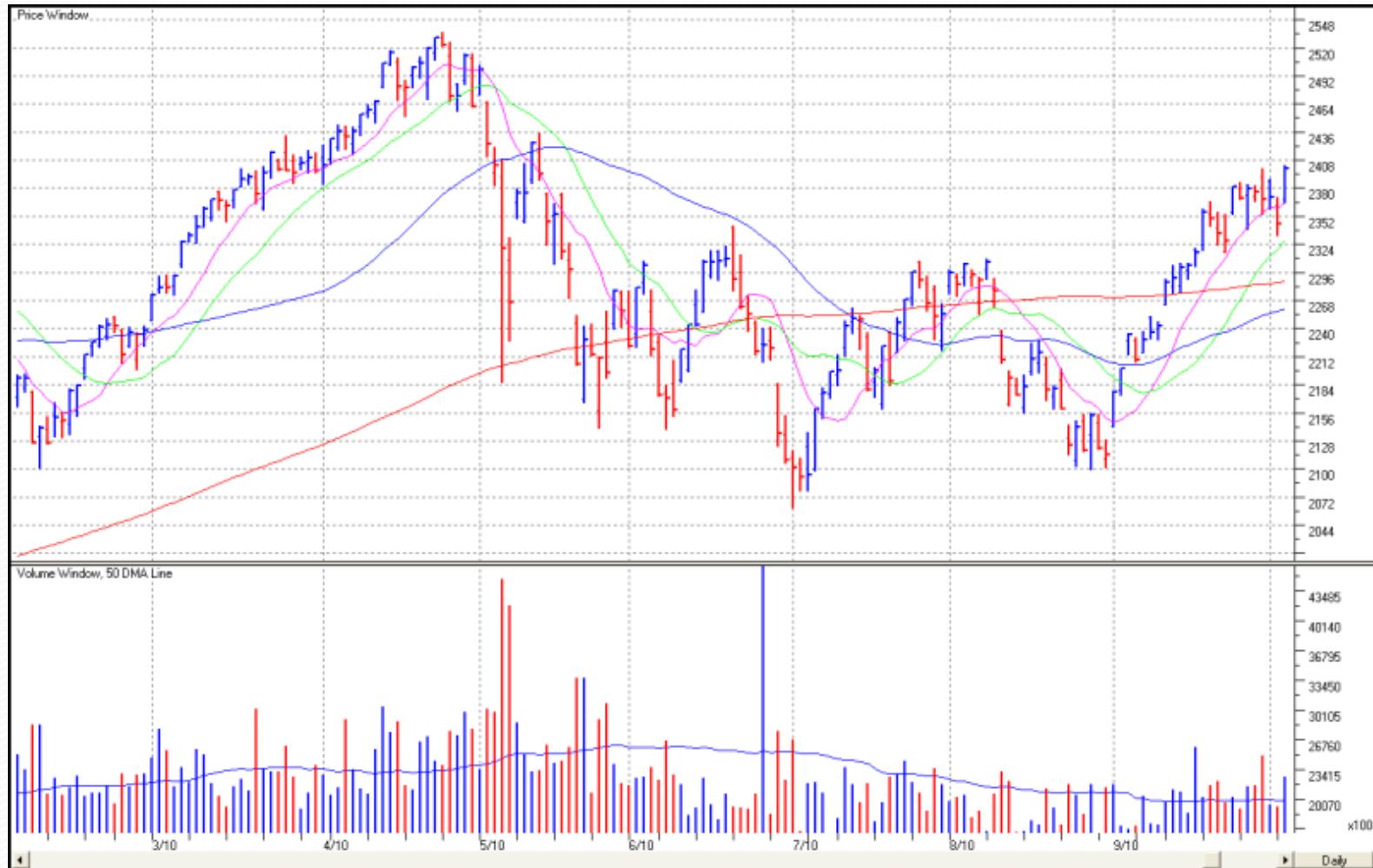
Travelzoo, Inc. (TZOO) - 2011



Green Mountain Coffee Roasters, Inc. (GMCR)



NASDAQ Composite Index – 2010 Summer Correction



charles SCHWAB

Schwab One® Trust Account of
G MORALES & L MORALES TTEE
THE MORALES FAMILY TRUST
U/A DTD 07/10/2000

Account Number

Statement Period
May 1-31, 2010**Change in Account Value**

This Period

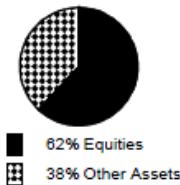
Account Value (\$)
Over Last 12 Months [in Thousands]

Starting Value	\$ 1,228,540.89
Cash Value of Purchases & Sales	(4,103,039.01)
Investments Purchased/Sold	4,103,039.01
Deposits & Withdrawals	(275,000.00)
Dividends & Interest	16.90
Fees & Charges	0.00
Transfers	0.00
Income Reinvested	(16.90)
Change in Value of Investments	855,267.89
Ending Value on 05/31/2010	\$ 1,808,808.78
Total Change in Account Value (Totals include Deposits & Withdrawals)	\$ 580,267.89 47.23%

Either deduct \$275,000 from the Starting Value to come up with \$953,540.89 and compare to the ending value or add \$275,000 to the Ending Value to come up with \$2,083,808.78 and compare to starting value and calculate the % gains to obtain an upper and lower band for monthly performance that falls between 89.7% and 69%.

Asset Composition

	Market Value	% of Account Assets
Equities	\$ 1,158,215.00	62%
Other Assets	720,600.00	38%
Total Assets Long	\$ 1,878,815.00	
Margin Loan Balance	(70,006.22)	
Total Account Value	\$ 1,808,808.78	100%

Overview**Gain or (Loss) Summary****Realized Gain or (Loss) This Period**

Short Term	\$919,770.10
Long Term	\$0.00

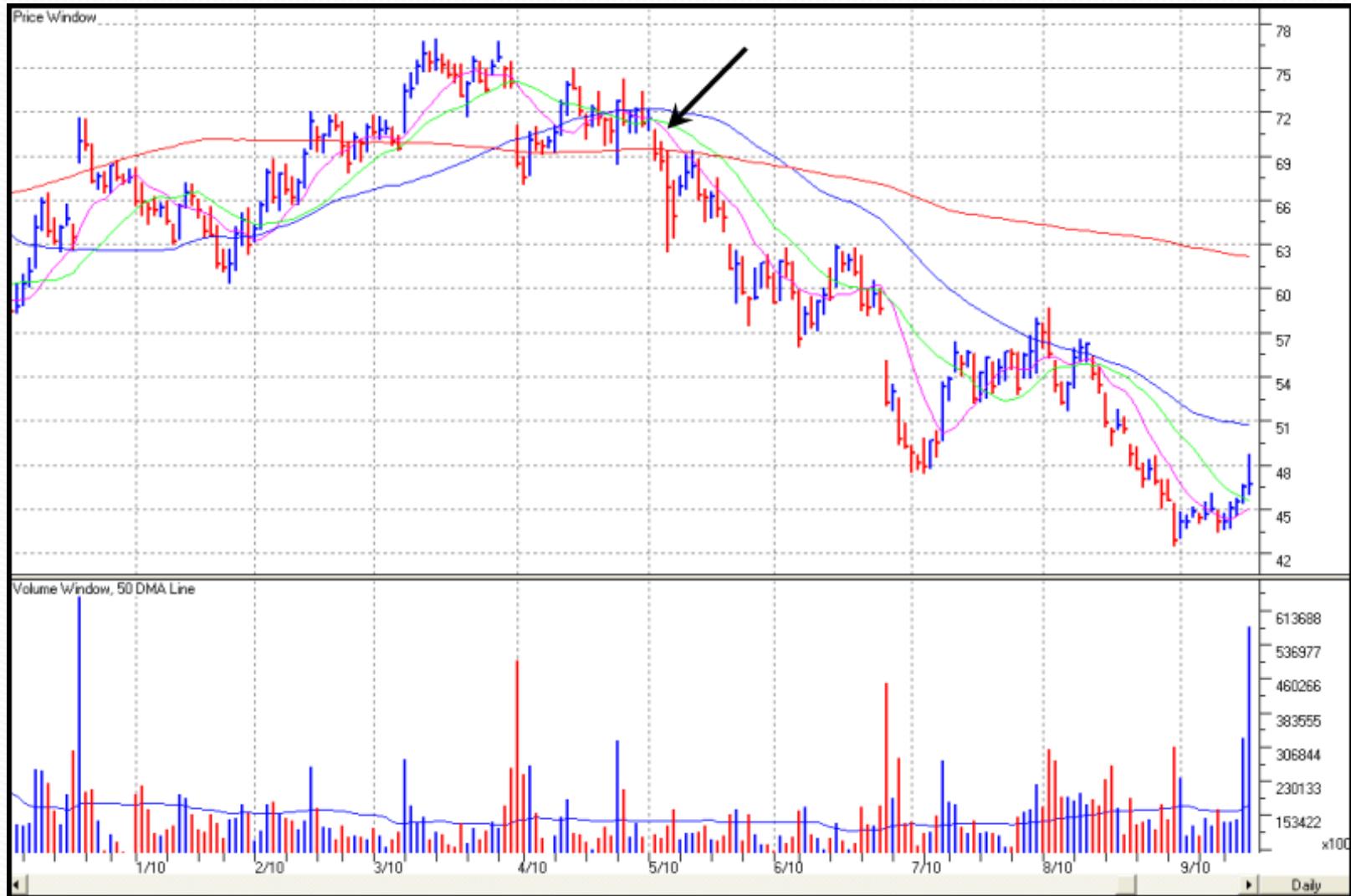
Unrealized Gain or (Loss)

All Investments	\$126,385.13
Values may not reflect all of your gains/losses.	

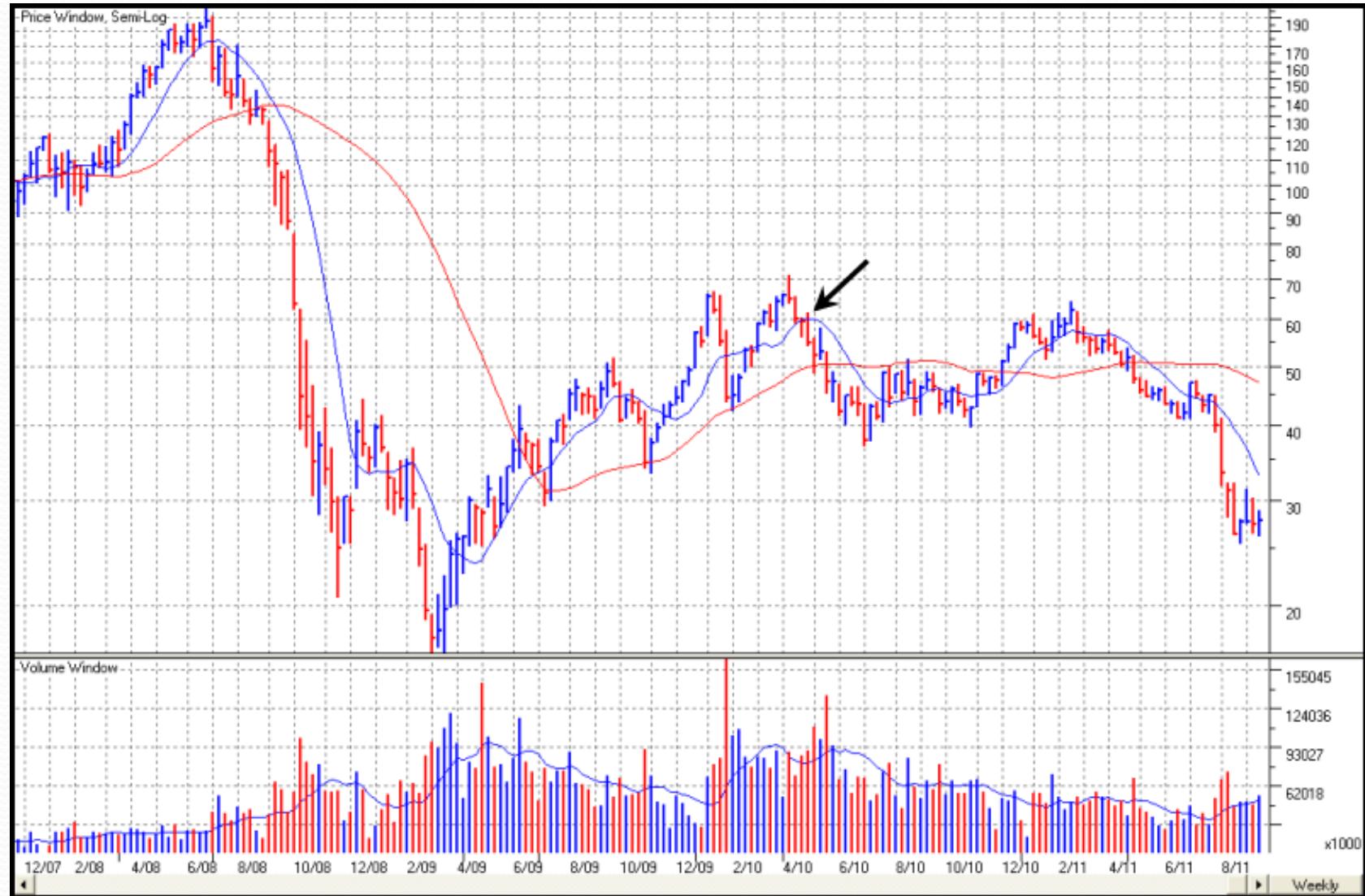
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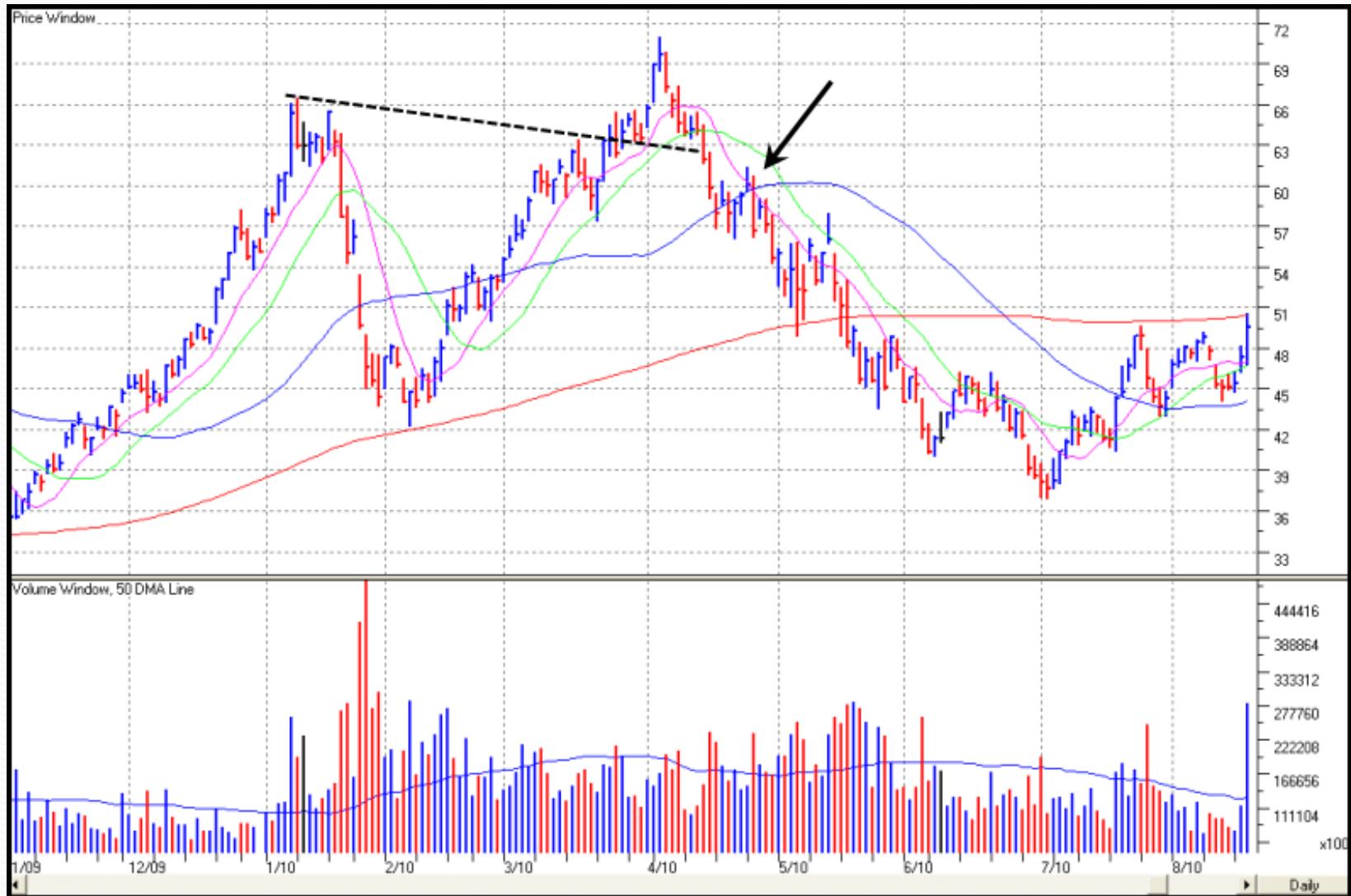
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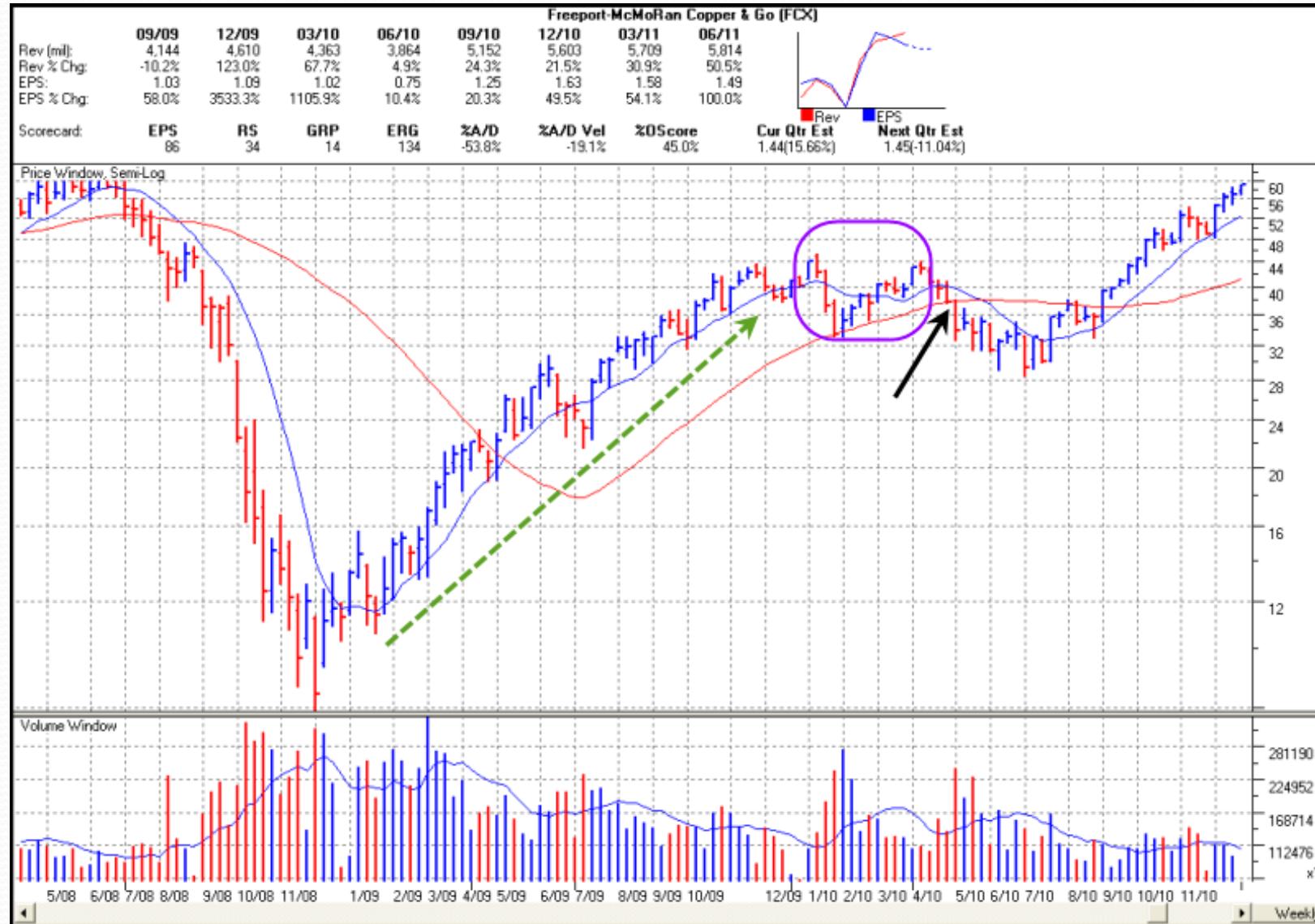
U.S. Steel (X) - 2010



U.S. Steel (X) - 2010



Freeport McMoran Copper & Gold (FCX) - 2010



Freeport McMoran Copper & Gold (FCX) - 2010

