

How To Lose Your Money As Quickly As Possible

eResearch Corporation is pleased to provide an article by Keith Richards of **VALUETREND**.

In this article, Mr. Richards looks at two assets that have appreciated exponentially and warns about their sustainability.

The article is reproduced below, beginning on the next page, or you can go directly to it at the following link: <http://www.valuetrend.ca/lose-money-quickly-possible/>

You can also visit the **VALUETREND** website at the link below:
<http://www.valuetrend.ca/>

eResearch Corporation was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, its Subscribers (subscription is free!!!) benefit by having written research on a variety of small- and mid-cap, under-covered companies.

eResearch also provides unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis.

eResearch complements its corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals.

eResearch provides its professional investment research and analysis directly to its extensive subscriber network of discerning investors, and electronically through its website: www.eResearch.ca.

eResearch does not manage money or trade with the general public, provides full disclosure of all fee arrangements, and adheres to the strict application of its Best Practices Guidelines.

Bob Weir, CFA: Director of Research

Note: All of the comments, views, opinions, suggestions, recommendations, etc., contained in this Article, and which is distributed by eResearch Corporation, are strictly those of the Author and do not necessarily reflect those of eResearch Corporation.

Friday, January 12, 2018

How To Lose Your Money As Quickly As Possible

By: Keith Richards (bio at end)

As some of you may know, I am kind of an old dog in this industry. Despite my “young” 56 years of age (ha!) – I started as an Investment Advisor at 28 years of age – in 1990. It has now been 28 years of industry experience – exactly half of my life! Prior to that, I had been investing with a (then) small account personally.

Before getting into this industry, I was in a different arm of finance – credit/collection rating services. Professionally and personally, I have been trading, investing, and involved in finance for more than 30 years. This old-dog experience afforded me to experience the 1987 “Black Monday” crash (my first day on the job at credit firm Dun & Bradstreet was Black Monday!), the rising interest rates of the 1980s, and then falling rates with the coinciding recession in 1990-92.

As an Advisor, I helped clients navigate the waters as we witnessed numerous minor corrections, the 1998 Asian contagion/ Russian near-default, the 2000-2001 tech bubble, and the sub-prime / oil crash of 2008-2009.

It was the tech crash that inspired me to create a more rigid screening process for market risk. Yeah, I held some Nortel. Thankfully, I sold it around \$40/share, but only after it had climbed to \$120. Mud on my face there! The lessons I learned from that experience were channeled into a quantitative approach to risk analysis over the following years. This process saved my clients from major grief in 2008, and other minor corrections along the way.

Some of you may be familiar with my [Bear-O-meter](#) – which is the end result of the lessons originally learned during the tech bubble of 2000.

I bring this bit of history up because I am currently spotting a couple of worries on the markets.

Worry Number One

My first worry is that I believe that North American markets may be in the final leg of a bull market. To be clear, though, this leg can, and probably will, extend a bit further before the next bear market crash begins. I covered that very big-picture viewpoint [here](#). And [here](#).

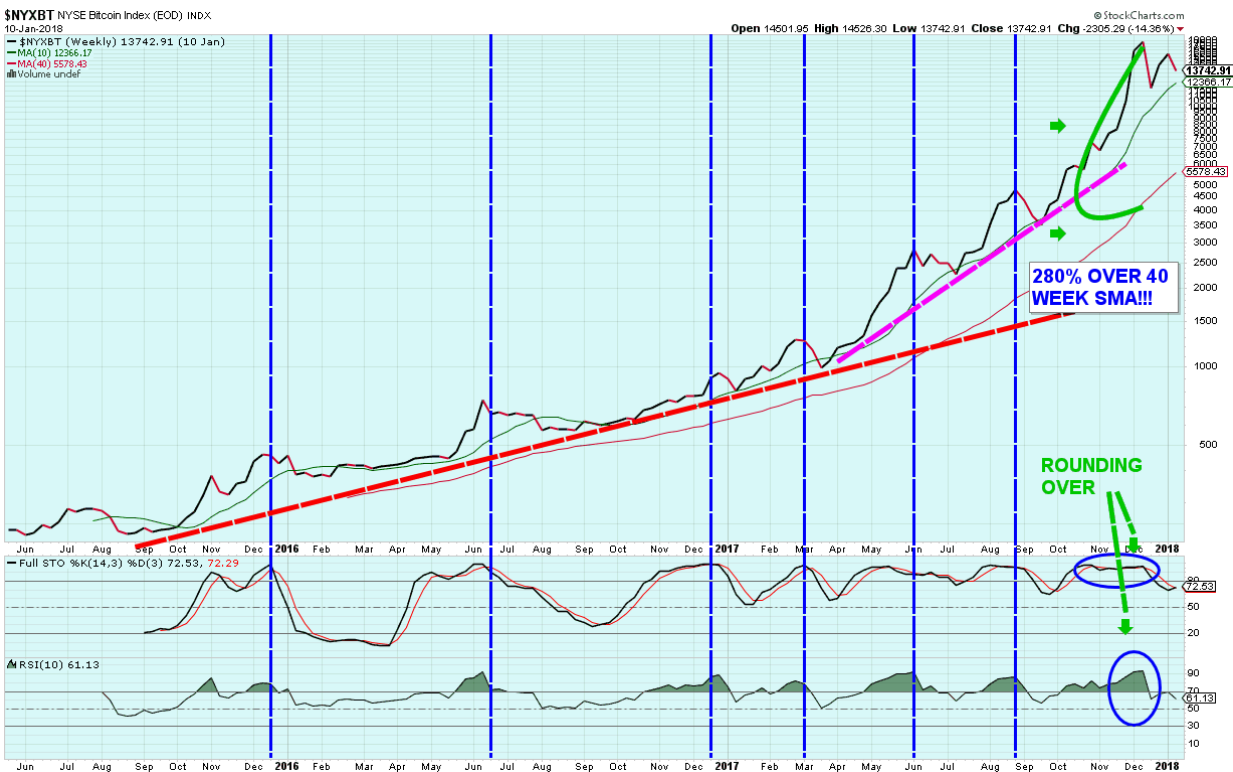
Worry Number Two

The next worry is nearer term. I got a call from two individuals recently who have rather speculative tastes, and a less quantitative viewpoint of the stock market. That is a nice way of calling them “dumb money”. These individuals (one who is a friend, actually) asked me about bitcoin and cannabis stocks. One of these two individuals is notorious for jumping into theme-based investments at the wrong time with a feverish conviction of their insight’s accuracy. That is a nice way of saying that this person buys like dumb money – at tops.

I talked my buddy out of buying them. Not so much the other person. Whatever the case – the charts of these securities exhibit classic parabolic moves. The talk surrounding these securities exhibits classic bubble chatter.

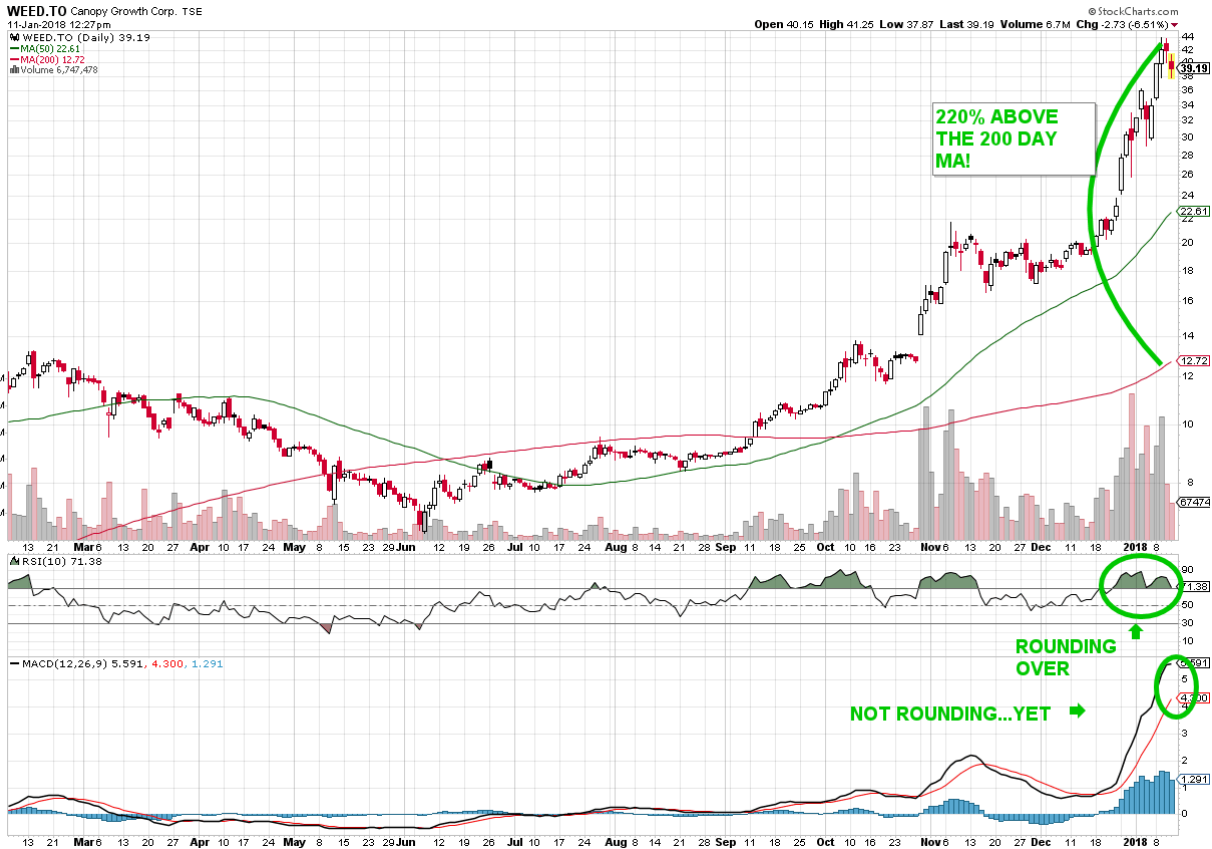
Below are the charts. One is the bitcoin index, and the other is the biggest Canadian pot stock (Canopy Growth). They are overbought from every perspective imaginable—and in a big way. Could these securities go higher before they implode? Sure they could! But, based on 30 years of trading knowledge, I will stick my neck out and say that an implosion is imminent for both of them. When ... I can't say. But it is not going to be a decade from now before the roof caves in on these sectors – it is going to be much, much sooner.

BITCOIN



<CONTINUED>

CANOPY GROWTH



The dumb money – seen through the charts, and the day-to-day conversations I am having (not usually with MY clients, I must say!) are telling me that the end is neigh. Buy these sectors only if you are a gambler who loves risk, and want to follow the dumb money. Otherwise, avoid.

#####

INVESTMENT ANALYSIS | WEALTH MANAGEMENT | PORTFOLIO MANAGEMENT
LIMIT YOUR RISK. KEEP YOUR MONEY.

See **About The Author** on the following page.

ABOUT THE AUTHOR



ValueTrend Founder and Owner, Keith Richards, has been in the securities industry since 1990. ValueTrend manages over \$100 million through a discretionary investment service for high-net-worth clients.

Keith Richards has been in the securities industry since 1990 and is a highly regarded member of the small, exclusive community of Chartered Market Technicians in Canada. Mr. Richard's articles appear regularly in INVESTORS DIGEST, MONEYLETTER, GLOBE AND MAIL, and the TORONTO STAR newspapers.

His appearances on BNN Television have inspired producers to acknowledge him as **“one of [our] most accurate technical analysts.”** Mr. Richard's first book, SMARTBOUNCE: 3 ACTION STEPS TO PORTFOLIO RECOVERY, is available in bookstores and directly through his blog page www.valuetrend.ca/blog/. His second book, SIDEWAYS: USING THE POWER OF TECHNICAL ANALYSIS TO PROFIT IN UNCERTAIN TIMES was released in late 2011. He has been critical of the commission-based, follow-the-pack approach to investing – where brokers succeed regardless of performance.

#####