

Sun City Summerlin Computer Club

**Internet Investing
SIG**

**Tom Burt
April 17, 2014**

SIG Meeting Schedule

- **Currently, I expect the Internet Investing SIG to meet every other “even” month on the third Thursday morning at 9 AM. The next six meetings will be:**
 - *April 17, 2014*
 - *June 19, 2014*
 - *August 21, 2014*
 - *October 16, 2014*
 - *December 18, 2014*
 - *February 19, 2015*

Recent Market Moves

- **Let's Look at Recent Charts for Market Averages**
 - *Dow Jones Industrials Chart ^DJI*
 - *S&P 500 Chart ^GSPC*
 - *Nasdaq 100 Chart ^IXIC*
 - *Russell 2000 Chart ^RUT*
- **The markets took another dip, but have since recovered most of the loss.**
 - *Dow now about 16,400*
- **What did YOU do (if anything) in the past two months?**
 - *Sell before? Or just hold?*
 - *Did you buy Puts?*
 - *Did you buy in near the bottom?*
- **Do you hold stocks, bonds, mutual funds, options?**

High Frequency Trading

- **Much Recent Talk in Financial Press**
 - *Michael Lewis book – “Flash Boys”*
- **What is High Frequency Trading?**
 - *Very fast trading by computers using sophisticated algorithms*
 - *Positions held for a very short time*
 - *Large numbers of shares bought and sold with small profits per trade*
 - http://en.wikipedia.org/wiki/High-frequency_trading
 - <http://www.forbes.com/sites/billconerly/2014/04/14/high-frequency-trading-explained-simply/>
 - <http://www.cnbc.com/id/10000948>
- **How Does HFT Affect Your Trades?**
 - *Impact is small – possibly a penny or two on price (if you buy/sell at market)*
 - *HFT often functions as a market maker*
 - *Can smooth out daily price fluctuations*
 - *May increase volatility*
- **What Defenses (if any) Can / Should You Employ?**
 - *Generally use limit orders in buying and selling*
 - *Don't expect to compete as a trader*

Lazy Ways to Invest

- **Define Your Goals**
 - *Current Income?*
 - *Minimize Taxes?*
 - *Safety / Capital Preservation?*
- **Asset Allocation - Seniors**
 - *Liquid Cash – 6 months*
 - *Stocks – 30 to 40 % of portfolio*
 - *Bonds or similar – 70% to 60% of portfolio*
- **Mutual Funds and ETFs**
 - *Not more than about 5*
 - *Stock Funds – favor dividends*
 - *Bond funds – favor short term*
- **Small Basket of Stocks**
 - *Not more than about 5 – favor dividends*
- **Short to Intermediate Treasuries**
- **Your Favorite Stock Fund or Bond Fund?**
- **Let's look at a few**

Final
Questions and Answers