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July 13, 2022

Toggle AI

How to Survive (And Thrive) in a Bear Market

Jan Szilagyi

Toggle AI

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TOGGLE

HOW TO SURVIVE (AND THRIVE) IN A BEAR MARKET

IB Webinar - July 13, 2022

tog•gle

/ˈtägəl/

verb

1. COMPUTING

switch from one effect, feature, or state to another by using a toggle.
"the play/pause button toggles between those functions"



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INVESTING DURING A BEAR MARKET IS A CHALLENGE



Bear market is full of waterfall declines, sucker rallies – how do you navigate it?

- Data is widely available (and often free) but **dispersed across numerous sites** (FinViz, Yahoo Finance, TradingView ...) and still **has to be analyzed before it's useful**
- **News and data changes daily**, often several times intra-day
- **Market data is constantly updating** (prices, volume, positioning)

It's often too much for part-time investors.

HOW DO YOU TURN THIS ...



Daily barrage of data and news averages 17 headlines per second

yahoo!finance

**Stock market news live updates:
Stocks fall as bond yields push higher**

**Russian menace brings
abrupt end to the west's
'peace dividend'**

ECONOMY

ECB Plans July Rate Increase as Inflation Problem Deepens

Globalization Partners

**Things to Do to Manage a Bear Market Early in
Retirement**

**Nobel Laureate Shiller Sees 'Good
Chance' of a US Recession**

Source: Toggle

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... INTO A COHERENT PORTFOLIO?



The key to avoiding risks and spotting opportunities is cutting through the noise

My Securities				+ All (16)		Portfolio (0)		Watchlist (16)	
ALL ASSETS			What's currently moving the asset?						
	9984 SOFTBANK GROUP C	¥5,659.00	+96.00/+1.73%	↑	📊	Fundamentals			
	AAPL Apple	\$146.36	-1.60/-1.08%	↓	📰	News Insight	+4		
	AMZN Amazon	\$119.97	-1.21/-1.00%	↑	📊	Fundamentals			
	BTCETH BTCETH	ETH16.86	-0.31/-1.81%						
	BTCUSD Bitcoin	\$30,076.23	-109.35/-0.36%						
	ETHUSD Ethereum	\$1,804.60	+14.18/+0.79%						
	GBPUSD GBPUSD	\$1.2536	-0.0005/-0.04%	↑	📊	Technicals			
	GC Gold	\$1,853.60	+4.40/+0.24%	↑	📊	Technicals	+1		
	GME GameStop	\$138.73	-7.77/-5.30%	↑	📊	Fundamentals			
	MSFT Microsoft	\$270.41	-2.09/-0.77%	↑	📊	Technicals	+1		
	MT ARCELOMITTAL ADR 1:1	\$31.65	-1.74/-5.21%						
	NIKLA NIKOLA	\$7.02	+0.56/+8.67%	↓	📊	Technicals			
	PTON Peloton	\$11.61	-0.58/-4.73%						
	TSLA Tesla	\$750.70	+25.10/+3.46%	↓	📰	News Insight	+4		
	TWTR Twitter	\$40.46	+0.02/+0.05%	↓	📰	News Insight	+5		
	WMT Walmart	\$123.57	+1.27/+1.03%	↓	📰	News Insight	+3		

Source: Toggle

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MAJOR (BEAR MARKET) LOW – CHECK LIST



1. **Duration:** typical bear market duration is 10-12 months going back to 1929
2. **Peak to trough correction:** over that same period, bear markets led to declines of about 36%
3. **Retest of the lows:** very often (but not always - cue the pandemic bear market) equities retest the lows before we can be confident the bottom has been put in
4. **Divergence with new constituent stock lows:** by the time the indexes have bottomed, most stocks have stopped making new daily lows
5. **90% upside day:** panic selling isn't enough to end a bear market. As discussed earlier, a major bottom also needs a solid sign that low prices are drawing in widespread stock buying. One such indicator is 90% upside day: when 90% of the volume on a given day occurs in stocks that moved higher during the session

BUT BEWARE THE "SUCKER RALLY"



Source: Toggle

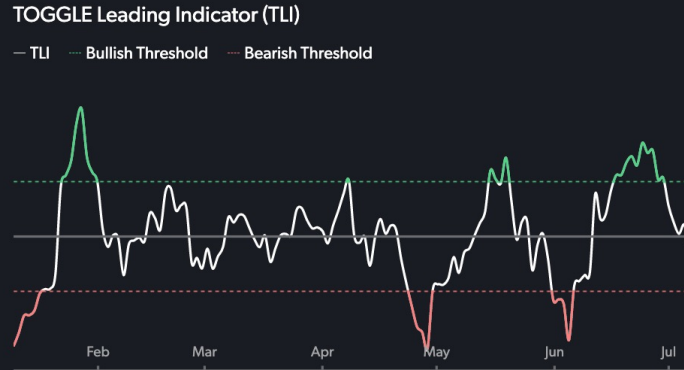
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BUT BEWARE THE "SUCKER RALLY"



1. Low trade volume
2. Failure to rise above its key moving averages
3. No confirmation from a technical oscillator
4. Parabolic rise
5. Failure to clear resistance
6. Unusually huge candlestick
7. TLI index turning bearish

WATCH MARKET BREADTH AS REFLECTED IN THE TLI



The TOGGLE Leading Indicator is the aggregated of all TOGGLE insights on 5,000 US stocks. [Learn more](#)

Source: Toggle

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CAN'T WE HAVE SOME HELP?



Smart assistants are ubiquitous in our daily lives... Why don't they exist in investing?

- Machines are really good at monitoring and processing **large amounts of information**
- They can **uncover price patterns in assets** around events/data changes
- They can **test each relationship for robustness** ... in seconds
- They can **deliver curated insights** tailored to specific users

CAN SMART MACHINES HELP ACTIVE INVESTORS/TRADERS?



Human intelligence is very good at strategy (the “big picture”) but AI can be helpful with the tactics (the “details”).

For example, a portfolio manager decides they want to be long risk in equities and let the machine highlight the assets that are most undervalued/have strongest momentum.

SMART MACHINES CAN OFFER HELP TO ACTIVE INVESTORS



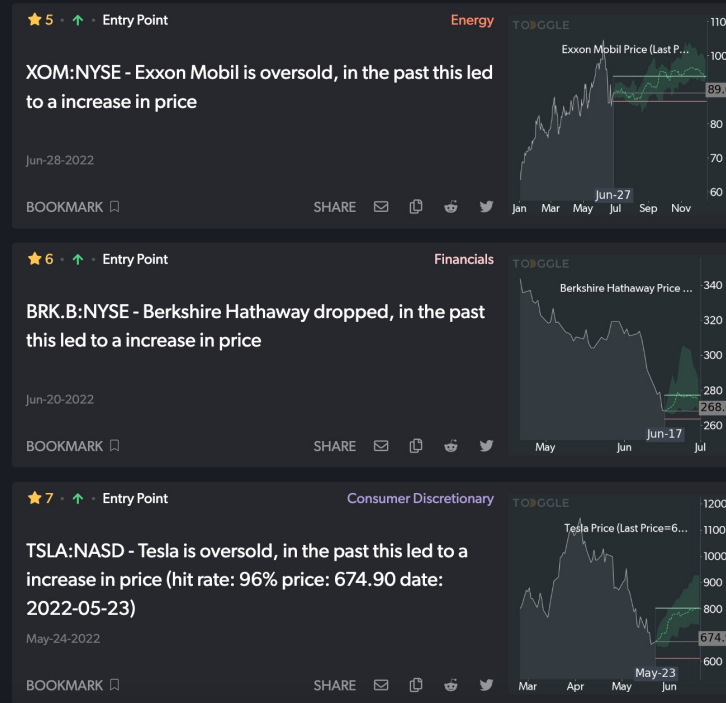
Where in the investment process can machines add most value

- Idea generation (“What assets do best in a bear market?”)
- Hypothesis testing (“Is my hunch/instinct correct?”)
- Asset due diligence (“What am I missing?”)
- Portfolio risk management (“Do I really want to sell here? Should I get out?”)

IDEA GENERATION IN A BEAR MARKET



Machines can easily identify oversold stocks that are primed for a bounce



Source: Toggle

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MACHINES ARE ... GOOD WITH NUMBERS

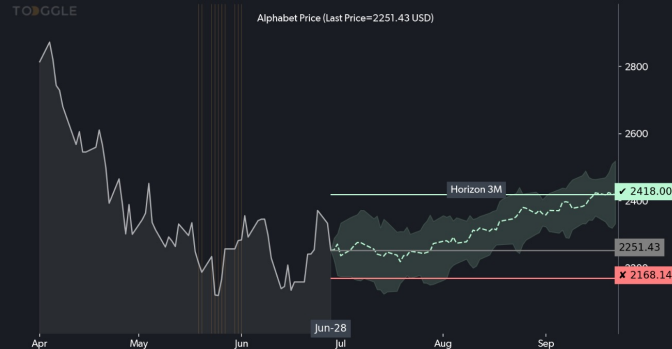


AI-powered systems can do fast robustness checks on any driver

GOOG:NASD - Analyst opinions of Alphabet's fundamentals are coming down, in the past this led to a increase in price

by Toggle A.I. Jun-29-2022

Analyst Revisions indicators for [Alphabet <GOOG:NASD>](#) are coming down. Historically, this led to a median increase in [Alphabet price of 7.40% over the following 3M](#), as shown in the chart below. TOGGLE analyzed 4 similar occasions in the past to produce the median projection and the confidence band below ([How do you do this?](#)), most recently on **2022-05-19**. This insight received 5 out of 8 stars ([What are stars?](#)) in our quality assessment.



Source: Toggle

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LET AI MONITOR ALL YOUR IDEAS AND TRADES



The machine can monitor drivers across thousands of assets you watch

My Securities All (15) Portfolio (0) Watchlist (15)

ALL ASSETS			What's currently moving the asset?
	AMC AMC Entertainment	\$40.79	+2.00/+5.16% ↑ News Highlight +2
	EEM EEM ETF	\$51.10	+0.24/+0.47%
	GBPUSD GBPUSD	\$1.36	-0.0112/-0.82%
	GC Gold	\$1,763.90	-25.50/-1.43%
	HSCEI HSCEI	HK\$8,856.99	-6.84/-0.08%
	LYFT Lyft	\$49.03	+3.71/+8.19% ↓ Technicals +3
	NFLX Netflix	\$688.29	+10.57/+1.56% ↑ News Highlight +5
	NIKE Nike	\$172.50	+4.67/+2.78% ↑ News Highlight +3
	PYPL Paypal	\$230.38	+0.92/+0.40% ↑ Fundamentals +4
	US_G10Y US TREAS 10Y (USD)	1.579 %	+0.03/+2.07% ↑ Technicals
	T AT&T	\$25.18	-0.05/-0.20% ↑ News Highlight +1
	TAN TAN ETF	\$97.15	-0.15/-0.15%
	TSLA Tesla	\$1,213.86	+41.86/+3.57% ↓ News Highlight +2
	USDJPY USDJPY	¥114.00	+0.0300/+0.03%

Source: Toggle

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AI HELPS YOU UNDERSTAND THE "WHY" BEHIND THE MOVE



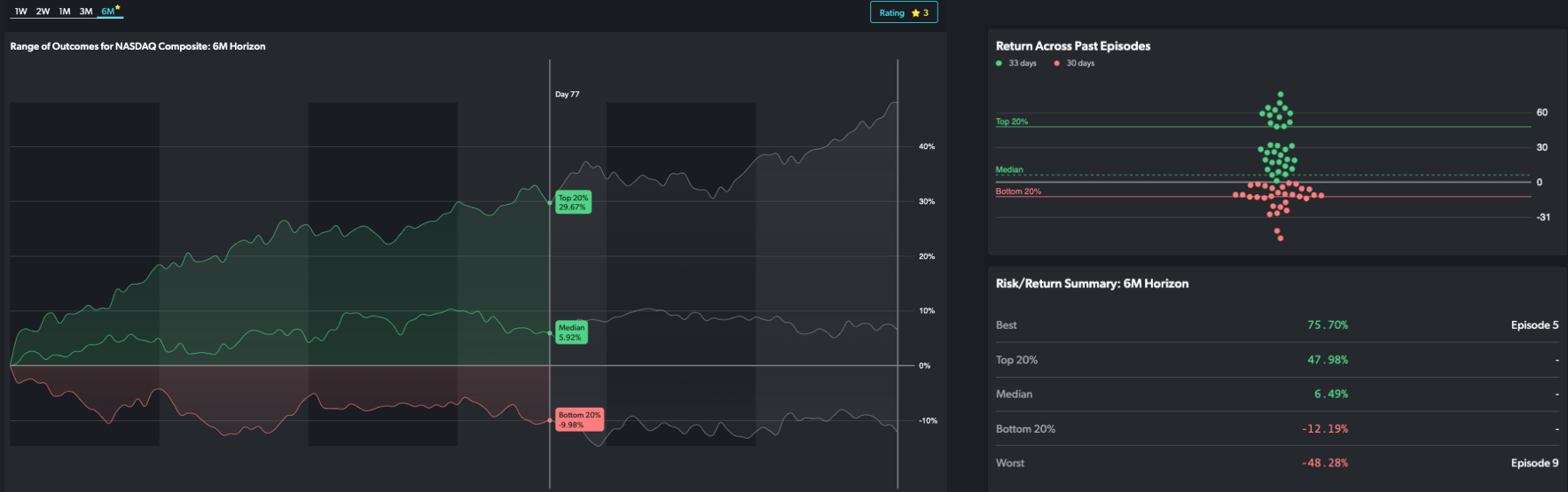
Source: Toggle

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LOOK BEFORE YOU LEAP (TRADE)



Is 10% sell-off in Nasdaq over a week an opportunity? Historical data can give you a lot of answers.



Source: Toggle

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Questions?

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