

## Twitter Thread by Quant Guy

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### **Mega Thread on Exit Strategies (Long-Mid Term Portfolios) ■**

**We talk about systematic exit a stock portfolio in a bear market in this ■**

**Most have made good profits in stock positions and its always good to be aware of what can be done when markets turn bearish**

**Read on.**

**(1)**

1. Death Cross (50MA Crossunder 200MA)

This is a popular method to judge whether the stock/index is in a bear or bull market.

Book profits at a death crossover

My view: Not the best way of exit, there are better, more refined ways.

**(2)**



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## 2. MA based Systematic Exit

MAs used:

21MA - 1 mnth avg.

65MA - 3 mnth avg.

150MA - 6 mnth avg.

250MA - 1 year avg.

Exit 25% if 21MA below 65MA

Exit 25% if 21MA below 150MA

Exit 50% if 21MA below 250MA

This method handles short term correction while having skin in game

(3)



### 3. ATR based Stop (Supertrend, Chandelier Exit, Chande Kroll)

For positional exit, ATR based trailing stop can be used.

ATR multiples are 3(aggressive), 5(conservative) are used

My preference is exit 25% on ATR(20,5) breach daily, full position on ATR(20,3) breach wklly

(4)



#### 4. Ichimoku KUMO Breach

The KUMO cloud offers good support areas.

Exit 25% on breach of top of cloud

Do nothing while price inside the cloud

Exit FULL when price breaches cloud on downside

(5)



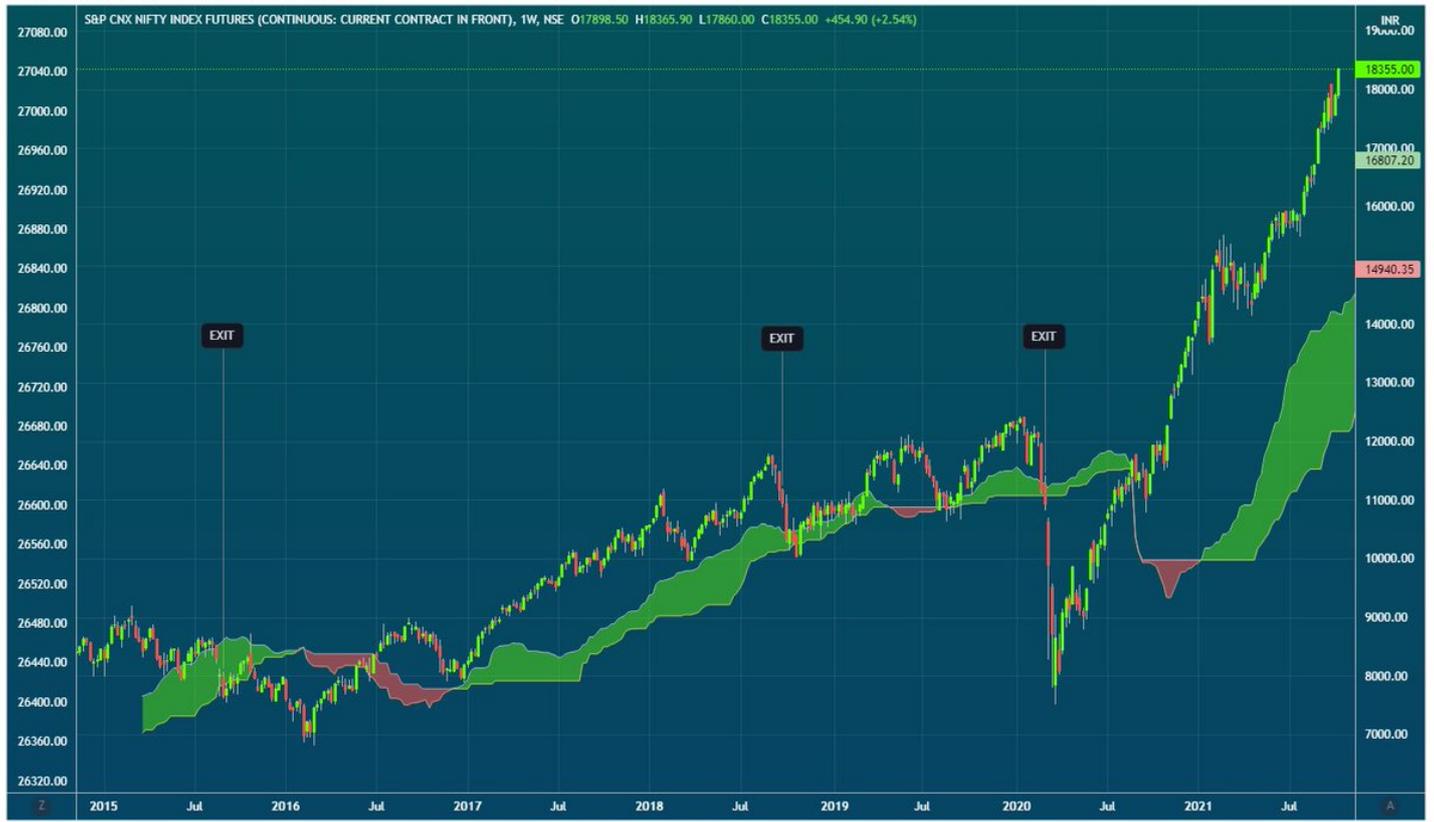
#### 5. ICHIMOKU KUMO Twist

The KUMO cloud in the ICHIMOKU system also convey the bias of the underlying

A bullish twist happens when SENKOU SPAN A crosses above SENKOU SPAN B n opposite

In chart below the exit is not exactly at KUMO cross because it leads price by 26 periods

(6)



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## 5. Trailing % Based Stop

A trailing stop loss based on a percentage price can be used for exit.

This is a fixed method of exit position. Usually used as a mental stop by many positional traders.

A good number is >5% and <10% (I use 7%)

(7)



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## 6. Coppock Curve

Coppock Curve is simply a smoothed momentum oscillator  
Its designed for long term analysis of price charts

(8)



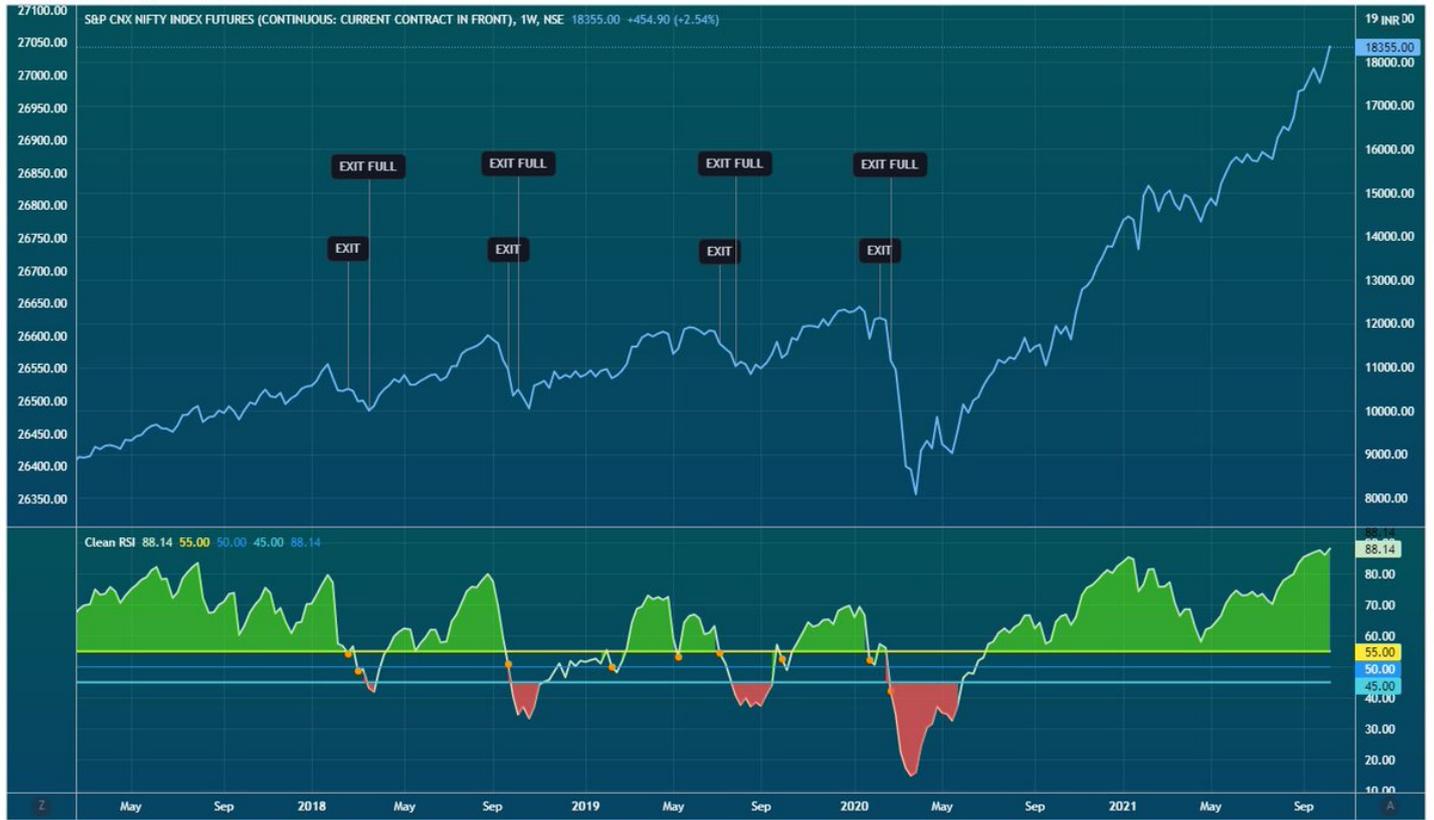
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## RSI Based Exit

Position management can be planned of the RSI line breaches 55 from above.

Its a levels based way of exit when compared to a moving average.

(9)



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### Fixed Stop Loss (Based on Entry)

Perhaps the most basic.. a fixed percentage stop can be derived while entering a stock position and then used as a exit mechanism

My view is to use it as a during initial position entry and then use a trailing method

(10)



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Some winding up thoughts

- Is there a best way?

No, there isnt. But having a plan wont hurt your pocket

- Are there any other ways?

Ofcourse! These are just the ones I know and would like to share!

- Are you suggesting a market crash?

No(I dont know too)

END OF ■

PLZ ♥■ and RT