

# Chris Vermeulen

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## SPEAKERS

Pat Bolland, Chris Vermeulen

### Chris Vermeulen 00:13

Well, Chris Vermeulen or challenges conventional investing wisdom, and believes that investors should only own rising assets. That kind of makes sense, doesn't it? His investment style, though, is called Asset Revesting. And it targets higher returns, low draw downs, and profiting from bear markets. He's the author of books, Technical Trading Mastery, and Asset Revesting. And he joins us right after this word from our sponsor. ... Chris, a real pleasure to meet you ... Hey thanks for having me on the show, Pat. Pleasure to be here.

### Pat Bolland 02:15

Full disclosure, I am a fan of Technical Investing. I've been using it for 45 years or so. But a lot of investors are not familiar with what Technical Investing is. So let's start at that basic level and go from there.

### Chris Vermeulen 02:28

Sure. So I would say there's kind of two styles of investing. The first one is what most people kind of understand or are getting the gist of which is fundamental analysis, you you buy a company that's earning money, if it's growing, its earnings continue to expand. And so you buy into that company. And that's what I used to do back in the late 90s. And then, of course, we got into the tech bubble, and the big tech bird bubble that popped the burst, the bear market, and most things go down. I learned at that point. And even though I was buying these companies that had good fundamentals that had really good earnings, they were still growing quarter after quarter, the share prices still got cut in half, and kept on falling after that. And that was when I really started to question. You know, do I want to follow fundamentals if it's actually not working? And so that that was when I learned about technical analysis and technical analysis is the complete opposite. Forget news, forget earnings, forget PE ratios, you know, who what CEO is running the company and just look at the price of the chart. The chart is the sentiment of the investors. And if you look at charts, there's our chart patterns that are bullish and bearish. Meaning if it has a specific chart pattern, it's telling you that investors are accumulating shares, and it's more likely to continue to rally or go higher. And if it has a bearish pattern, it means people are nervous and selling the stocks and over the longer term, it's going to go down. So that's the angle that I take with technical analysis, I look at the charts, forget all the rest of the fundamental news driven stuff,

I call it and just follow price because as investors, the only way we make money is when the investment moves in the direction that we want it to go. So I don't believe in holding assets that are going down. And if we go into a bear market, we can see almost all asset classes drop and I think you're better to at least sidestep it or potentially profit from falling markets, which we can touch on in a little bit.

**Pat Bolland** 04:25

Okay, so if I had to boil it all down, it's basically the trend is your friend. Is that a fair comment?

**Chris Vermeulen** 04:33

Yeah, and that's that's the one thing that you know, I think technical traders focus on you have to identify the trend that you want on the chart. And of course, there's trends on every timeframe. Some people look at a daily chart, which most people do, you've got weekly chart monthly charts, you've got one minute charts. So the key really is to always identify the trend for the timeframe that you're trading. And it's not about trying to pick tops or bottoms is waiting for the charts to change direction, start a new trend and make sure there's a lot of different technicals that align with it so that you know that this trend has got a lot of power behind it. And what you do is we, I follow trends, I don't try to pick the tops, when a new trend starts, we get on board, and then we manage our position until that trend hits targets or starts to show signs of fatigue, then we start to adjust our position and scale out of positions.

**Pat Bolland** 05:22

Oh, so then how do you identify when you are on a trend? I mean, you say that you're not picking tops or picking bottoms. But what do you look at to identify that you are in a trend?

**Chris Vermeulen** 05:34

Sure. So the to me the best trends to play are trends that last a few weeks to several months, some of these trends will last like eight months. So I don't get into the day trading and get into that really short term aggressive stuff. And I don't do passive long term investing. So the best signals that I find is really if you follow the 20 day moving average. And I also like to follow five day moving average, both of them should be sloping up price should be at least above the 20 day moving average. And that's just telling you over the past 20 days, there's about 20 trading days in a month. If you take away the weekends, it's telling you on average over the past month, the trend is going up and price is naturally above that trend. And trends are known to they're more likely to continue than they are to, to reverse direction. So once you identify the trend, you can get on board and ride that trend until it starts to reverse. And typically like short term signs. If the 20 day moving average starts to flatline, that means price has probably been trading sideways for a month, it could be losing steam, if it falls below the 20 day moving average it for a couple of days, maybe you know that trend is over. There's a lot of other technicals that come into play. But if price if the 20 day moving average is trending up and prices above it, it's a great opportunity to focus on the long side. If they're trending down and price is below it, you either don't want to be in the market or you want to find a different asset that is rising while the stock market or that asset is falling.

**Pat Bolland** 07:03

So you're focused on price, it sounds to me exclusively or do you and as I say I know about technical analysis, incorporate volume somehow how much of the entity is trading?

**Chris Vermeulen** 07:16

Right? So volume, you can look at it a few different ways when it comes to investing signals. I don't use volume to really help generate a trigger. But I use volume to get a feeling of what the general masses the market participants are thinking and feeling and what they're doing with their money. So for example, I use a very short term chart, a 30 minute regular trading hours chart. And I use the New York Stock Exchange volume, the up and down volume and I create a ratio and I can tell when there is panic selling in the stock market by the average investor. I can also tell when there's FOMO people feel like they're missing out on a move. And they're literally diving into the market. They don't care what price they pay. And so I like to watch those because understanding what people are thinking and feeling gives you a lot of insight of what's going to happen over the next couple of days. And when you have panic selling the market usually puts into short term bottom short term low. So if the 20 day moving average is sloping up prices above it, and we see some panic selling for a couple of days. Get ready for usually a knee jerk reaction bounce and it continue of that trend. And so I liked it because it's a sentiment play. And that's all I really use it for I don't use it for any other anything else other than trying to get a gauge on are people panicking or are they feeling like they're missing out on gains?

**Pat Bolland** 08:38

Walk me through then your whole concept of Asset Revesting because so far we've been primarily focused on stocks and stock prices and now just volume but assets incorporate a lot more than that. What are you talking about?

**Chris Vermeulen** 08:55

Sure. So, Asset Revesting is a term that I came up with trying to coin something that is different than a name to name a process and so instead of like the traditional investments which are like you know, diversified buying whole portfolio dividend reinvesting all those things that end up having you hold your positions through bear markets and big corrections and, and events, asset, reinvesting is different. So we look at a hierarchy of assets, anyone can create a list of assets that they prefer to trade. The ones I mainly focus on are the S&P 500 and the Nasdaq indexes and I use the ETFs for this ... I use ETFs for all the trading that I do. And then we also see that the US equities is the most opportunity I find it has the most liquidity provides more than enough volatility to generate gains. So if the stock market is favorable to own stocks, we are 100% moved into the indexes and you can collect dividend payments from those and when you're long the markets. Now if the stock market isn't favorable, then we move down our asset hierarchy to something that doesn't move as much. So it's less volatile. And it has a different correlation or no correlation to the stock market. So if the stock market's falling, we want to look to another asset that could be rising. So for example, bonds is the next one on our list. Now, if it is not trending up, which it hasn't been for a couple of years already, then we don't even look at it. And then we move down the list even more to the next asset, which is actually the US Dollar Index. And so there's a long ETF, meaning if the dollar is rising, we can take advantage of it. If the dollar is falling, there's an inverse ETF, so we can actually profit from the dollar falling. So it gives us a nice low volatility way to somewhat sit in cash, but actually still generate returns when the index moves. So it's a really unique play. And the nice thing about as we work our way down our asset hierarchy, each asset moves slower, and slower and slower. And the dollar index, when all hell is breaking loose in the stock market and things are crashing, the dollar is moving a half a percent for a day, which is a pretty big move for the dollar, where the stock market could be moving 3,4,5 percent a day. So we can take a very

controlled investment play that moves very slow, but it has very clean trends currencies trend very, very well. And we can squeeze money out of the market in a in a very passive kind of conservative way. So you know, sometimes nothing actually is favorable, the dollar index might be chopping sideways, and it doesn't meet our technical requirements. So we actually just literally sell all of our ETFs and we sit in the brokerage account, with just cash, I would much rather sit in cash than watch the market for three or 4, 10 or 20%. With our capital. So we will literally just let the market unwind let everybody else completely panic. And and we'll step back into the market as soon as a new trend to the upside has been found in one of our assets.

**Pat Bolland** 12:01

Can you play the trend to the downside?

**Chris Vermeulen** 12:04

We do. So during a major bear market phase, which is very rare, the only the I call them a stage for decline. There's four stages that the stock market creates. Stan Weinstein wrote a book on these and I follow that philosophy. Long story short, the last two times that we had a stage four decline, which is what everyone else would call a bear market was the 2000 tech bubble. And it was the 2008 financial crisis. We haven't had one of these since those. And when we get into one of those, I mean it is blood on the streets, it is panic, panic stations for everyone. And so during those times, we actually play inverse ETFs on the index is the only thing we look at. So the stock market will have a bounce. And when it rolls over and starts to head down for the next leg lower, we actually almost flip are investing signals that when it goes from a buy signal to a sell signal, we buy this inverse ETF that goes up in value as the stock market falls. And so we can profit from these in trading a bear market, you have to be a little more aggressive, the market free falls very quickly, the trades are a little quicker they last five or 10 days, typically maximum you're in you're out. But it's a very quick return. It's just the way the markets move, they fall three to seven times faster than they rise. So the trades move very quickly. But we can play very conservative inverse ETFs. I don't use any leverage, I don't believe in leveraging positions, we just stick with straight up, we'll inverse trade on the index and profit from that.

**Pat Bolland** 13:36

Are there times when one asset could be going up and another going down and you play both sides. So for instance, bonds are going up and the stock market's going down and you play both sides?

**Chris Vermeulen** 13:48

No. So we are only in one asset class at a time. So whichever, the higher up the asset is on our hierarchy, stocks being number one bonds being number two, the dollar index being number three, cash is number four. If for example we are in, say the US dollar and it's rallying, and then the stock market gives a new buy signal. Even if the dollar is still a really good trade and it's going up we're going to exit that dollar play. And we're going to move into the US equities market because it has more volatility. And we want to get into something that says hey, it's in a strong uptrend. And it can run many more percentage points than the dollar index can so we'll always move out of the lower asset into the more high performing asset if one of them kind of Trumps the lower one.

**Pat Bolland** 14:34

You made an interesting comment about buy and hold ... you are not buying old I take it, how much turnover do you actually realize?

**Chris Vermeulen** 14:42

So we have roughly totally depends on the year five to 12 trades so we'll adjust our portfolio five to 12 times depending on the type of market condition. I mean, sometimes we'll we'll only have like two or three a year depending on how strong a trend is either to the upside of the day. outside, but it's very minimal. Obviously, for a passive investor. This will sound like a lot of trading. But it's the sweet spot between being a really aggressive trader trading all the hot sectors and stocks, and which is a real battle, it is very tough to tie in the markets with those types of play, versus catching cyclical patterns that move in the stock indexes, everything's based around the stock indexes, because we have economic data, we've got people's paychecks taking money into the markets every week, bi weekly, you know, monthly, there's there's constant flow in the same type of data and money flows through the market. So I find I track the S&P 500 and the Nasdaq very closely. If I know if money's flowing in or out of the equities market, then I know where to be. And I look at the other assets to see how they're performing. And if we want to move to one of those, and as you know, the markets are all interrelated. So we use a lot of different intermarket analysis, different commodities, different sectors, to find out if money's flowing into defensive sectors, or aggressive stocks, like the Ark ETFs, or everybody piled in, you know, in 2020 21. Those are great gauge of sentiment of what kind of emotional money is doing. So we take all these things into account to tell us how strong a trend is, and who is actually behind that trend? Is it institutional money? Or is it just emotional traders? Pretty much getting on there, like loading up on a position at the wrong time? And it's going to reverse?

**Pat Bolland** 16:30

Why wouldn't you just play the sectors then, you know, if technology is hot, or Canada is hot, or, you know, oil prices are hot, why would you do it that way, as opposed to the broader indices?

**Chris Vermeulen** 16:44

We do we have, I have a strategy called BAN, which stands for the best asset now. So it uses the same strategy that I just talked about with the indexes, bonds and the currency, but it focuses strictly on all of the assets. So there's like 35 Plus assets, so we will rotate between gold miners into the energy space into you know, now we got the AI ETF, the Ark ETF, so we do that as well. But in terms of, you know, being the most conservative in terms of the smallest drawdowns and losses, profiting from almost all market conditions, the asset reinvesting using the indexes, bonds, and the currency is the most kind of consistent across the board, I would much rather have somebody do less trading, and make consistent returns, then, you know, Chase hot sectors around, it's a different ballgame. It's a more active trader, and I'm really about trying to help people protect their wealth and continue to grow it no matter the market condition. I'm not so much into people swinging for the fences, you know, trying to have huge returns, and I focuses on big liquid, conservative strategies that outperform the markets,

**Pat Bolland** 17:55

Sustainable and

**Chris Vermeulen** 17:57

Exactly.

**Pat Bolland** 17:58

Well performing. Can you use this as a kind of silly question, but can you use it on other things other than the stock markets? In the sector's? I'm thinking for instance, real estate, buying a house or condo? Can you use it that way?

**Chris Vermeulen** 18:13

Yeah, you can, you can totally do that. There's real estate ETF. So you could do it that way. Although it's not quite the same as buying physical real estate, those ETFs move very differently. But yeah, I'm actually very big into real estate. I've got a lot of tenants, I love multifamily. I love you know, self storage facilities, things like that. And I use technical analysis for this all the time. And we can gauge you know, is the real estate market are certain pockets of real estate like is it single family dwellings multifamily? Where's the money flowing. And right now, you know, the markets, we're in this fairly big bubble in terms of real estate, high pricing, I think there's going to be a reevaluation event going on not only in the stock market, but I think it's going to be across most asset classes in general. But it is really powerful. I find it's extremely powerful for real estate, the thing is the real estate market, move very slow three 510 year kind of cycles, you've got to wait for good opportunity. That time, I think will be coming in the next few years for real estate to reinvest and get new properties and build the portfolio. But all the signs, you know, from a technical standpoint, are showing signs of exhaustion right now.

**Pat Bolland** 19:27

I use, as I indicated, Technical Investing techniques. In my investing, I just look at the stock price, really and see if it's going up or down very similar to what you do. But I would say a lot of investors don't. Why do you think that is? They're stuck on that fundamental, let's look at how much this company is making for instance.

**Chris Vermeulen** 19:49

Yeah, I mean, I think investors have like Stockholm Syndrome, to be honest, you know, everybody's been brainwashed for the last 40 years that you know, the buy and hold strategies that were Ready to go, you gotta get a company that's got strong earnings fundamental data is, you know, really good. If it's got earnings, it's eventually going to perform, which it will eventually. Not all, not in all cases, though, it's really just people don't, they don't know that maybe there's a technical way to do it or that a lot of them actually do. But they're like, Guys way over my head, I don't want to become a technical analyst, or follow charts can seem very overwhelming. And I mean, I try to break things down to be so simple for In layman terms, and what we do, literally everything I do is kind of like, you know, green bars or red bars, and you know, which asset Do we own. But, you know, investors, they just don't, you know, in order to be good investor, and be active, you really have to dedicate your life to it, it's always changing, there's always new things evolving. And it's not something you can just learn really quick from a course, you really need to put in decades to become fluid and really feel the markets and be able to kind of move with them, and they're liquid. And you need multiple strategies, you need to change your strategies as the market conditions change. You've got to change, you know, your profit targets, your stops, which assets you might be investing in. So there's so much to it. If you were to, you know, try and take it on yourself. But I think the main reason, as you're just saying it, most investors don't get into

technical analysis, or they all believe into the other strategy is just because that's what that's what they know. And you don't know what you don't know. So they're just, you know, they're into the mainstream media and the typical, what, you know, the financial industry tells everybody how it works. So

**Pat Bolland** 21:40

You founded something called thetechnicaltraders.com obviously, a website, what, what is the objective there?

**Chris Vermeulen** 21:48

Right, so at the technical traders.com, I provide my, my signals for these ETFs. So more or less, I'm focusing on investors who are self directed, they want to protect their capital, they don't want to, you know, ride out corrections or bear markets, and they want to have out, they want to outperform the markets, they want to make money every year, a lot of them are close to retirement. So are they are retired, and they just can't afford to go through a big financial reset. Like I mentioned before, there's potential here for multi year correction that could postpone people's retirements and do a lot of damage in the process. And, you know, if you're only a few years away from retirement, or you are retired, and you're withdrawing capital from your investments, the worst thing that can happen is a big market correction. And you keep withdrawing funds, while it's down in value. That's how most people run out of money in retirement, and they run out way quicker than they think. And the problem is they don't realize the damage being done until it's usually too late. They're like, they they clue into the numbers. They're like, Oh, my gosh, at this rate, I'm not going to have enough money in retirement. So yeah, that's, you know, that's the hard part is trying to get people to understand it, you've got to be very protective with your capital

**Pat Bolland** 23:04

Okay, so I get that you're giving out signals on the website. But are you teaching are you educating on things like risk management, as you were just talking about?

**Chris Vermeulen** 23:16

Yeah, so we provide the complete portfolio. So if you had a certain amount of capital that you want to use with a strategy, diversify, you know, a portion of your capital using asset reinvesting, we provide the signals the allocation, you know, everything where to put your protective stop, where to take profit targets, we update every week whenever the markets move, or we hit one of those targets. So we provide everything they need. And we even have auto trading. So if somebody doesn't want to know any of this, they just want it done for them. They can actually just have it auto traded for them in their self directed brokerage account, which is what most people like to do, just because it's complete hands free. And you know, people are busy, they've got their own jobs, they want to live life and not stare at a screen all day. Which

**Pat Bolland** 24:00

You bring up an interesting point, though, Chris, because if you have auto trade, then it lends itself to artificial intelligence and some bot taking a look just at prices, or at volumes are all the technical factors that you just talked about? Is artificial intelligence, like the likely to move into this space?

**Chris Vermeulen 24:20**

I think it already has. I mean, it's I can't believe how quickly it's been. I mean, I barely even saw anything about it before Christmas. And then you know, chat GPT came out and it's everywhere. Everybody's saying they've got a bot that can trade and invest. There's no doubt that AI is tapping into the markets and reading technicals and probably trading around them. I think it's been doing it for a long time. I don't know how much somebody really wants to let an AI or robot fire off trades and do what it wants to do. I mean, I've had a lot I've done quite a bit of research on AI I work a lot with it, just testing it and playing with it and while it is smart, it is Still not that intuitive when it comes to certain things. And I used to do a lot of auto trading back in 2013 2014. And I'm not a fan of robots, or even just a computer program, executing trades without AI, I like everything we do is we have systems that give us the signals, it doesn't we do all the analysis, we confirm, you know, visually, and then I send the signals over to the broker and to subscribers of our service and say, Okay, here we go. So I still don't trust a robot, even if you've got it really, really, you know, wound in tuned in AI and robots to me, I'm just not a fan of a glitch,

**Pat Bolland 25:43**

You know, and there's a kind of a misnomer in the marketplace, too, when people talk about robo advisors. And it doesn't mean that a robot is necessarily doing it. It means that there's a simplified way of, I guess, opening accounts and managing accounts, not necessarily trading the markets that way.

**Chris Vermeulen 25:59**

Yeah, I mean, yeah, most of the the robo investors are still have advisors back there doing stuff while all the robots are doing is a lot of the research saying these people need, you know, some some adjustments, and then they'll go ahead and make those.

**Pat Bolland 26:13**

Yeah. Chris, fascinating discussion. And thanks so much for your time.

**Chris Vermeulen 26:17**

Thanks for having me, Pat. It's a pleasure.

**Pat Bolland 26:19**

Chris Vermeulan is the co founder of thetechnicaltraders.com