The Quick Hit Profits Trading Guide

- How to Use Earnings Season to Trounce the Market -
EVERY three months, thousands of public companies go through the quarterly ritual of “reporting their numbers.” It’s a kimono-opening exercise in which CEOs and CFOs and others in corporate management release the company’s latest financial results to Wall Street. In these moments, it’s an opportunity for a company to share its performance.

Investors have long tried to benefit from this key event by placing bets ahead of an earnings report. And while this will give you an occasional home run, the amount of risk and gambling involved makes it nearly impossible to profit in the long run.

That’s because even though there are only three possibilities during an earnings report — either a company will meet, miss or beat Wall Street’s earnings expectations — the market’s reaction to the report is a whole other beast.

It will dive, it will surge or investors will yawn at the latest quarterly figures regardless of whether the report meets, misses or beats expectations. And it’s this “earnings drift” that makes earnings season, as it’s known on the Street, particularly interesting — and leads to quick-hit profits.

Especially if you know how to play it. Because this “drift” is actually far more predictable and easier to make quick profits from than front-running an earnings report.

You see, academics who study the market at ivory-tower universities have long known that the initial reaction to a favorable or miserable earnings report can result in a “drift” — a situation in which the shares move in a particular direction over a certain amount of time because of the impact of the earnings report. Even more, they know that the initial reaction actually helps determine what type of earnings drift we’ll see.

In fact, this trading pattern has existed for decades. However, it has yet to be exploited by mainstream investors due to the immense data mining needed to uncover these drifts.

But you don’t have to worry about that now. I have done all the legwork for you, and now, it’s a trading pattern you can easily exploit for a quick-hit profit.

I have spent over 1,000 man-hours tearing through and examining a decade’s worth of earnings data on more than 500 of America’s largest companies to identify only the most profitable earnings drifts that exist.

For example: If one of America’s leading toy brands misses earnings expectations by more than 5%, I know to own put options for the next three weeks. If one of the country’s leading transportation firms surprises Wall Street to the upside and the stock jumps more than 5%, I know its call options are as good as gold over the next two months.

It’s all in the historical data … it’s all in the research. It’s all in the drift.
That’s why, after a detailed back test and months of beta testing real-time trades, my *Quick Hit Profits* system can give readers the opportunity to turn every $1,000 into $2,000 … or $10,000 into $20,000 … in just 12 weeks.

Even more, I can confidently say it has the potential to make you 16 times your money each year. And I don’t make this claim lightly.

Now I’m able to share that market-trouncing system with you. With *Quick Hit Profits*, you’ll have access to a proprietary system — one that can’t be found in any textbook — so that you can start pocketing these incredible winners too.

Best of all, I’ve created a straight-to-the-point trading service with user-friendly directions that anyone can understand and execute with just a little knowledge of basic options trading.

With all that in mind, I’m sure you’re excited to get started. So let’s get right to what this service is about and how to trade it…

**Behind *Quick Hit Profits***

My interest in earnings-drift trading began from the first moment I discovered research on it during my college years. At the time, I didn’t have the resources to accomplish the due diligence that would uncover potential drifts. But since I joined Banyan Hill, I’ve received all the resources I would ever need — and I got to work revealing quick, profitable drift patterns.

The first thing to know is that a drift doesn’t exist with every stock. Indeed, of the more than 500 companies I pulled apart, only the “Winning 76” exhibited a relatively consistent pattern when they beat or missed consensus Wall Street earnings projections.

And that’s what I was looking for: a degree of consistency.

If one of America’s favorite casual-dining chains sees its shares pop noticeably higher within two months of beating the Street, well, that’s news we can use to our financial advantage.

And that’s what gave rise to my *Quick Hit Profits* service — the desire to use the information corporate America releases every quarter to turn nickels and dimes into dollar bills.

I know it works because my team and I tracked this system in real time for nearly a year before we launched the service. Not every trade has been a winner — no system ever devised on Wall Street has ever boasted that kind of success. But I can tell you this system has captured 50% … 75% … even 101% gains in as little as five days. And overall, readers had the chance to double their money every three months.

That’s enough to turn every $10,000 you invest into a windfall of $160,000 each year.

I can also tell you that we’ve seen huge wins owning bullish call options in a quarter ruled by bears … and equally huge wins owning bearish put options when Wall Street bulls are running free. So we can make profits no matter what the market is doing.

Keep in mind: I’ve designed the strategy for investors who can start with $10,000 to $12,000. That’s because every quarter we will likely place between nine and 15 trades, based on historical data — and sometimes that means three trades in a single day if multiple companies report earnings at once and they each trigger a trade.

While we’ll have an average of four or five trades open at any given time, it could be as high as 15. So plan accordingly.

Ultimately, I want you to have as much of a shot at success as possible, which means I want you to have the funds to survive a few bad trades in order to get to the winning trades.

Moreover, I don’t want you to place a big bet on any one position. I would much rather you place an equal dollar investment in each trade — no more than 10% of the overall funds you commit to the service.
I can tell you that some trades will last just a couple of days, based on action in that particular stock in the wake of an earnings report. In other instances, our trades will last a few weeks to a couple months.

In no instance, however, will we own a position longer than two months. Hence the name of the service: Quick Hit Profits. After two months, we begin slipping toward the next quarter’s earnings report, which begins to impose its own set of influences over a stock that we cannot account for in this service.

As for what else you can expect from Quick Hit Profits, here’s what you need to know…

### What You Can Expect

Each week, you will receive a dispatch from me. Some weeks, there will be a new trade or even multiple trades to make; other weeks, when the earnings season is quiet or none of the companies I track trigger a trade, I will send an update on positions, what’s coming down the pike, answer any questions that you might have and more.

With each trade alert, I will explicitly detail which options contract to buy and at what price in a fashion that will allow you to easily make the trade online … or, if necessary, allow you to tell your broker all the details required to execute the trade for you. These will be short, straightforward alerts, which will quickly give you the essentials of the trades. That way, we can send you the trade as quickly as possible. Of course, we’ll give more information in the weekly updates.

The only decision you need to make with these alerts is how much to invest in each trade.

Our trades, at times, will come in bunches over a short period because of the way the earnings season unfolds. The fact is, with 76 companies and only 65 trading days available in an average quarter, we’re bound to have companies whose reports overlap.

Then again, sometimes we could go a few weeks without a trade. And that’s fine. We’re never going to make a trade just because we haven’t made one in a while. We will only trade when the triggers are tripped — triggers that have been proven to deliver sizable returns in our real-time beta trades and back testing.

Also, an updated copy of our open and closed positions will be available online 24/7 through our website. So you’ll always be able to see how the portfolio is shaping up. You can access it by clicking on “model portfolio” on the website.

And because I always enjoy hearing from you, I encourage you to send me any thoughts or questions you have about the service. Occasionally, I will highlight a few of your thoughts in a mailbag issue — though I won’t reveal your identity.

To ask me a question or share your thoughts, you can always reach me at quickhit@banyanhill.com.

### Our Trading Methodology

Through the proprietary database I’ve created, I know how individual stocks respond to the earnings reports — good or bad — of underlying companies. Again, this is based on 10 years’ worth of quarterly data analysis.

I use that database every single day to pinpoint what companies are primed to report earnings and what triggers to look for that tell us to place an options trade.

Remember, this is a basic options-trading service.

So once a trade has been triggered, I’ll send you an alert to “buy to open” either a put option (a bearish bet) or a call option (a bullish bet).

We will also immediately place a Good ‘Til Canceled order to sell half the position at a 50% profit, so that we can catch any quick movements as they happen (example provided on Page 5). As the stock rises even higher, we will manage the rest of the position. Meanwhile we are allowing the shares to run higher through expiration, if necessary.
Don’t worry about these details yourself. I’ll provide all the instructions in the alert.

On the downside, we will have a hard-and-fast rule to sell any position that is down 75%. I know that sounds steep, but we have seen in our testing that a limited number of positions will fall that far. Some, however, will fall as much as 50% or even 60% before rebounding and handing us very sizable double- and triple-digit gains.

So we want to allow the system to work by tolerating the rare, but necessary, steep loss.

Remember: We will only “buy to open” and “sell to close” both put and call options. That means that whatever position we take, we will never have more money at risk with that particular contract than the cost of the option. That’s how we keep our risks limited in this service.

What Will We Invest In?

The companies on our list are all S&P 500 or Nasdaq 100 stocks, meaning they are America’s biggest and most liquid companies.

As I mentioned, the only investments we trade in this service are options — both puts and calls, depending on the drift we’re playing. Options maximize our potential gains. A 10% move in a stock (sometimes even smaller than that) can mean a 100% or 200% gain in the right options contract.

We will use options with short-term expirations when the drift calls for that, or, when necessary, we will buy options that give us exposure to the trend for up to two months. In practical terms, that means we might buy options contracts that expire in three months because of timing tied to when a company reports its earnings and because of the way expiration dates work in the options market.

Ultimately, the options strategies we employ are simple to follow and straightforward, and, as I noted, your risk is always capped with each trade.

Trading the options instead of the underlying shares gives us distinct advantages.

• MORE “BANG”

With options, we can control more shares with less money than if we were to simply buy the stock. Each options contract is equivalent to owning 100 shares of a company, yet the option costs just a fraction of the underlying share price. This is the power of leverage. Of course, leverage is a double-edged sword, as it can also magnify losses. But we keep a close eye on these positions and will recommend an exit when necessary.

• LESS RISK

With each recommendation, you will know the exact dollar amount you’re risking. And since options require much less capital than buying shares, you can spread your money across a larger number of investments. This diversification — not putting all your eggs in one basket — reduces our overall risk.

• EASE OF USE

Too many retail investors shy away from options because the language of options trading seems complicated. I understand that, and it’s one of the reasons I’m motivated to help you navigate the world of options easily.

I'll give you easy-to-follow, step-by-step directions along the way. My trade recommendations will always give you full details on the investment I’m recommending and the exact information you need to execute your orders.

Every trade alert includes an “Action to Take” that looks like this:
**Action to Take (example only)**

BUY ACTION TO TAKE

<table>
<thead>
<tr>
<th>Stock:</th>
<th>Facebook Inc. (FB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option Type:</td>
<td>Call Option</td>
</tr>
<tr>
<td>Expiration:</td>
<td>Apr-21-2017</td>
</tr>
<tr>
<td>Strike Price:</td>
<td>$110</td>
</tr>
<tr>
<td>Option Symbol:</td>
<td>FB170421C00110000</td>
</tr>
<tr>
<td>Action:</td>
<td>Buy to Open</td>
</tr>
<tr>
<td>Order Type:</td>
<td>Limit Order</td>
</tr>
<tr>
<td>Duration:</td>
<td>GTC (Good ‘Til Canceled)</td>
</tr>
<tr>
<td>Limit Price:</td>
<td>$6 (Anything below $6 is great.)</td>
</tr>
<tr>
<td>Trade Deadline:</td>
<td>If your order is not filled by my next dispatch, I will update you on the trade.</td>
</tr>
</tbody>
</table>

**Note:** Do not place a market order. Set the limit order at $6. Once this order is filled, place the following order:

SELL ACTION TO TAKE

<table>
<thead>
<tr>
<th>Stock:</th>
<th>Facebook Inc. (FB)</th>
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<tbody>
<tr>
<td>Option Type:</td>
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<td>Apr-21-2017</td>
</tr>
<tr>
<td>Strike Price:</td>
<td>$110</td>
</tr>
<tr>
<td>Option Symbol:</td>
<td>FB170421C00110000</td>
</tr>
<tr>
<td>Action:</td>
<td>Sell to Close Half</td>
</tr>
<tr>
<td>Order Type:</td>
<td>Limit Order</td>
</tr>
<tr>
<td>Duration:</td>
<td>GTC (Good ‘Til Canceled)</td>
</tr>
<tr>
<td>Limit Price:</td>
<td>$9</td>
</tr>
<tr>
<td>Trade Deadline:</td>
<td>Keep this order open until it is filled or canceled.</td>
</tr>
</tbody>
</table>

**Note:** This second order will allow us to collect a 50% gain on half of our position in the event that a quick move happens before I can get a trade alert out to you.

In this particular example, you would be placing a Good ‘Til Canceled limit order to buy call options on the social-networking company Facebook, ticker symbol FB, at a strike price of $110 for expiration in April 2017. The limit order should be set at $6.

That’s the equivalent of $600 per contract, since each options contract represents 100 underlying shares of the company. The long string of letters and numbers is the ticker symbol for this exact option.

You can plug those instructions into your online options-trading account, or you can share the information
with your broker when you’re ready to make the trade. Once you get the hang of it, it shouldn’t take you more than about five minutes to log into your account and place your trade.

If our limit orders do not get filled — and sometimes they might not, for whatever reason — I will update you on the next action to take in a following dispatch.

For those who are new to options or just want to brush up on the terminology we use, please refer to the options tutorials on the Getting Started page of the website portal.

**Check in With Your Broker**

It’s likely you already have a brokerage account, probably one that already allows you to trade options. But if you don’t have an account with options capability, the list below provides the contact details for options-trading firms that you can look into.

If you do have a brokerage account in which you already trade stocks and exchange-traded funds, I recommend calling your brokerage firm to confirm that it’s set up to trade options, since that requires you sign off on a different set of SEC-required disclosures.

You may need to fill out a one- or two-page form indicating what options strategies you’d like to trade. I will only recommend the most basic options strategy: buying puts and calls. So you will typically need “Level 2” to obtain options trading approval (levels can vary depending on what brokerage you’re using).

**Broker Contact Information**

<table>
<thead>
<tr>
<th>Interactive Brokers</th>
<th><a href="http://www.interactivebrokers.com">www.interactivebrokers.com</a></th>
<th>1-877-442-2757</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fidelity</td>
<td><a href="http://www.fidelity.com">www.fidelity.com</a></td>
<td>1-800-343-3548</td>
</tr>
<tr>
<td>E-Trade</td>
<td><a href="http://www.etrade.com">www.etrade.com</a></td>
<td>1-800-ETRADE-1</td>
</tr>
<tr>
<td>eOption</td>
<td><a href="http://www.eoption.com">www.eoption.com</a></td>
<td>1-888-793-5333</td>
</tr>
<tr>
<td>Ally</td>
<td><a href="http://www.ally.com">www.ally.com</a></td>
<td>1-855-880-2559</td>
</tr>
<tr>
<td>Charles Schwab</td>
<td><a href="http://www.schwab.com">www.schwab.com</a></td>
<td>1-866-232-9890</td>
</tr>
<tr>
<td>Tastyworks</td>
<td><a href="http://www.tastyworks.com">www.tastyworks.com</a></td>
<td>1-312-724-7075</td>
</tr>
<tr>
<td>TD Ameritrade</td>
<td><a href="http://www.tdameritrade.com">www.tdameritrade.com</a></td>
<td>1-800-669-3900</td>
</tr>
</tbody>
</table>

Once again, I welcome you to *Quick Hit Profits*.

And remember: By following my trade alerts, you will have the opportunity to make quick profits off a pattern that has existed on the Street for decades and which has years of academic research behind it. I will make everything as simple, easy and accessible to you as possible . . . no matter your age, income or education.

I look forward to bringing those opportunities to you.

Regards,

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Chad Shoop, CMT
Editor, *Quick Hit Profits*