PROBLEM

1 Exiting too late
- needlessly sitting through trend reversals on the wrong side of the market.

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2 Exiting too early
- getting spooked out of trend continuations.

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3 Unsure when to add or reduce position size / exposure.

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4 Entering too late
- missing the best part or worse still miss all of it and end up on the wrong side of market.

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5 Entering too early
- instant loser and then sitting through the grind before take off.

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6 Doing too much work on securities that are poor technical set ups

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7 Cannot tell which sector is in or coming into favour.

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8 Not investing in line with macro themes.

IMPACTS

* Too little profit from would be successful trend phases. Bigger drawdowns.
* Worst case sell at entry level give back all paper profit.
* Time spent on original analysis wasted. Self flaggellation at missed opportunity.
* Left flat footed if the security subsequently recovers.

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* Miss what could be the best move in the regime.
* Limits exposure to the full trend and leaves money on the table.
* Anger and frustration leading to loss of trading discipline.

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* Overall sub optimal performance.
* Stop outs at full posiion size maximises losses.
* Entering false breakouts at full size increases loss potential.

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* Fail to participate in take off or power phase of trends.
* Too little or no profit from would be successful trend phases.
* Entering just before a trend pause reduces annualised return.
* Worst case: buying tops and then having immediate drawdown and scrambling.

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* Fail to participate fully in anticipated trend reduces performance numbers.
* Emotional discomfort as security chops around in pre take off base.
* Second guessing of original thesis.
* Can force an exit ahead of move you were waiting for and leave you flat footed.

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* Time spent on original analysis wasted if security is not at or near trend readiness.
* Opportunity cost: could have spent the time on something that would have enhanced performance.

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* Good company fundamentals may be at variance with broad sector sentiment.
* Investing against sector sentiment can point you into a headwind.
* Trends against a headwind are truncated leading to lowered performance.

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* Similar to sector rotation. Not trading in line with macro flow can lead to truncated trends, false starts, being on the wrong side of sentiment.
* Lowers performance, frustation that fundamentals don’t seem to be working.

ROOT CAUSES

** Waiting for fundamentals to change before pulling the trigger.*

** Inability to tell when a price trend is mature or has ended.*

** Inability to distinguish between a natural trend rest phase and more significant trend reversal.*

** Inability to tell when a move is slowing down or building power. Misunderstanding of momentum.*

** Misunderstaning of trend phase (start, middle, end)*

** Inability to tell when new trend has started.*

** Inability to distinguish previous trend false starts from a real reversal.*

** Inability to tell when current trend is exhausted.*

** Unsystematic approach to scanning long lists.*

** Inability to pick out the best set ups among group of equally compelling fundamental narratives.*

** Absence of systematic and effective approach to sector rotation.*

** Inefficient scanning method for macro relationships.*

** Absence of robust factor or thematic analysis.*
