



Welcome to the GorillaTrades System tutorial. Feel free to learn at your own pace. You can pause anytime, and can also select different chapters. If you'd prefer to read through the material yourself, select the "Attachments" link and you can download each section as a Word document. At the end, there's even a quiz to test your retention of the material.

Although we use candlestick charts, we will be using bar charts for demonstration purposes. Each bar represents one trading session, with the top of the bar representing the day's high, and the bottom the day's low. The bottom graph represents the overall trading volume. Without further ado, let the safari begin!

The GorillaTrades radar sifts through over 6,000 stocks each night looking for only those stocks that meet each and every one of the 14 different technical parameters that the Gorilla has found to be present in most stocks, before they make explosive upward moves. Included with each GorillaPick is a stop-loss level, a first target, and a second target, which work together to eliminate the guesswork and the time-consuming effort involved in successful investing.

The first target usually takes a few weeks to achieve. Subscribers are advised to sell 50-75% of their position at this target, depending on the overall market environment and available capital. The second target usually takes a few months to achieve. On average, only the absolute best one or two stocks that the Gorilla finds are listed for potential purchase each evening. However, not all of these will actually enter the portfolio.

The reason new GorillaPicks are only potentially for purchase is that a new GorillaPick must trigger in order to be considered for purchase. To trigger, a stock must trade above the high of the day before its initial listing in the nightly e-mail. Note that this is its day's high, not the closing price. Sometimes new GorillaPicks take a bit longer than one day to trigger. In fact, as long as a new GorillaPick trades above this trigger price within five days of its initial listing, it is considered to have triggered. However, if a new GorillaPick does not trigger within five sessions, it expires and will not be considered for purchase at this time.

For GorillaShorts, the exact opposite trigger price rule applies. Simply substitute low price for high price. A GorillaShort has five sessions to trade lower than the low of the session prior to which it was first listed in order to be considered as triggered. All new triggered GorillaPicks and GorillaShorts are reported in the evening Gorilla email.

If a GorillaPick gaps higher, through its trigger price on an opening print, the opening price is then considered the trigger price of record for the new stock in the GorillaTrades portfolio. But please note: under no condition should a potential GorillaPick be considered for purchase if it gaps up more than 5% above the trigger price. While this type of upward gap is normally a sure sign of strength, the upside potential simply becomes much less attractive.

Once triggered, some subscribers make their initial purchase. However, other subscribers wait for a Confirmation Day to increase the probability of success within the trade. The Confirmation Day concept will be explained later in this tutorial.

The First Target

As the size of the GorillaTrades portfolio increases, the Gorilla understands that not every new stock idea can be purchased.

Introducing the theory of the first target – an innate way the system can help you to be diversified.

As GorillaPicks achieve their first target, a portion of the position is suggested for sale. Subscribers are made aware of this percentage, which varies on overall market conditions and available capital. Typically, this is 75% in weak and neutral markets and 50% when it's strong. However, if the amount of capital available to you is limited, you may decide to sell 75% at the first target. If capital is not an issue, you may decide to only sell 50% at the first target. The remaining portion is left to grow, possibly to the stars. The excess capital, which is always a profit, is used to purchase new GorillaPicks or to add to some of the strongest proven, top-performing positions. Over a period of time (usually three or four months) your portfolio will have weeded out the weakest GorillaPicks and have retained the strongest.

GorillaPicks that experience pullbacks may now have more room to advance. Refer to the light-volume pullback and return-to-risk ratios for our advised strategies. The first target strategy not only diversifies your portfolio and captures profits, but also helps to avoid steep declines that can steal hard-earned unrealized gains.

The Second Target

When seeking second targets, understand that some GorillaPicks may never achieve their second target because not only are second targets raised weekly as a GorillaPick appreciates, but stop-loss levels are also reviewed and raised each weekly as GorillaPicks display strength versus the overall market.

When a GorillaPick does achieve its second target, it's usually because it is gapped through the target on an opening print.

Since stocks have unlimited upside potential, GorillaPicks will remain in the portfolio until they show any significant weakness or reverse their upward trend.

The GorillaTrades system seeks solid entry points with the potential for large projected returns. For example, one recent GorillaPick maintained a strong uptrend for almost a year generating a 100% profit. When damaging weakness occurs, the Gorilla is always prepared with a raised stop

level to save his subscribers' unrealized gains. Once again, keep in mind that GorillaPicks remain active in the portfolio until either the second target is achieved or they stop out.

The Stop-Loss

The use of stop-loss orders has proven to be even more important than upside targets. In fact, it is *the* most important factor by far for total return. While taking losses is inevitable in investing, the important thing is to avoid the big losses. Stop-loss levels are routinely managed and raised as GorillaPicks appreciate in price.

The GorillaPicks that have confirmed will generally have much tighter stop levels than GorillaPicks that have simply triggered. Raised stop levels are communicated to subscribers weekly in the Trader's Notes section of the Gorilla's Monday evening email.

With the use of stop-loss orders, there is absolutely no reason why any subscriber has to watch the market during the trading day. That is precisely why GorillaTrades is here. The process is fully mechanical. GorillaTrades takes the emotion out of investing; the number one reason for investor failure.

Please always use the Gorilla's figures as guidelines and realize gains and losses according to your personal risk parameters. Furthermore, the Gorilla recommends researching the type of stop order that is appropriate for your specific style of trading.

Confirmation Day

After a GorillaPick has triggered, our less aggressive subscribers will wait for Confirmation Day prior to their purchase. The Confirmation Day concept was developed to help subscribers avoid false stock moves that trigger a GorillaPick on only the illusion of strength.

GorillaTrades still reports every stock that triggers as more aggressive still purchase at the trigger price. However, our less aggressive subscribers will wait for the Confirmation day before making their initial purchase. Almost every GorillaPick that fails to confirm turns out to be a loser. So, subscribers' actual results are ultimately even better than the GorillaTrades overall performance.

It should be noted that during strong periods in the market, you can enter orders without waiting for a Confirmation Day because a very large percentage of GorillaPicks do go on to confirm. However, during weak periods in which an unusually small percentage of GorillaPicks confirm, waiting for confirmation is paramount. It could very well make as much as a 10-15% difference in your overall return!

Waiting for a Confirmation Day has proven to increase the probability of success in a trade, while helping to preserve capital during negative market environments. By waiting for the appropriate volume to fortify a GorillaPick's desired direction, subscribers reduce trade risk on the way to projected goals. The exact volume level needed is provided with every new potential GorillaPick. After a GorillaPick achieves its first target, its recommended stop level is raised to further reduce any unnecessary trade risk.

To put it very simply, some subscribers enter at the Trigger Price (high risk, but potentially higher returns), while others enter upon confirmation (lower risk, but lower potential returns). More aggressive subscribers receive a jump-start. However, with every advantage, comes a disadvantage. The aggressive subscribers will also end up with the losers that never go on to confirm. The Gorilla simply suggests that those subscribers who wish to increase their probability of success with any given Gorilla trade, give up the average of 2%-3%, by waiting for confirmation. The Gorilla leaves this choice to you. Either way, you end up a winner!

More on Confirmation Day:

Confirmation Day is an event that occurs as a result of above-average daily volume that fortifies a stock's desired direction. An example is any point in time that a stock trades at or through its trigger price, with above average volume and has been authorized for purchase under GorillaTrades rules. A GorillaPick can trigger and confirm in the same session if appropriate volume is present.

Confirmation Day is an event and not an exact price. Entry points after confirmation are at the discretion of the subscriber. GorillaPicks that have a Confirmation Day are posted in the nightly email.

Please understand that "Confirmation" is an event, not a price, so the specifics of where you enter the trade after Confirmation Day are at your own discretion. There's no rule that you must purchase immediately after a Confirmation Day is declared. The vast majority of GorillaPicks will in fact provide opportunities to enter on pullbacks, after "confirming."

What exactly constitutes a Confirmation Day? To initially confirm, a triggered GorillaPick must do each of the following all on the same day:

- A GorillaPick must close higher than its previous close and higher than where it opened.
- A GorillaPick must close higher than its trigger price.
- A GorillaPick must meet or exceed its specific volume level area, as was noted when it became a GorillaPick.

Naturally, the opposite conditions must be met in order for a GorillaShort to confirm.

The Risk Rating Tool

A GorillaPick's Risk Rating should always be taken into consideration, and understanding the Risk Rating is not difficult. The Gorilla is well aware of the fact that every investor wants the highest possible return. However, the oldest rule in investing is as follows: the greater the risk, the higher the return.

A high Risk Rating usually defines a highly volatile stock. These stocks can provide volatile swings that are usually enough to shake investors out of their position whether they're long or short. Although a particular five-rated GorillaPick, the most risk on a 1-5 scale appears very strong, its high Risk Rating alerts subscribers to the fact that it has a greater potential of producing a considerably larger loss as well. Since these stocks have larger targets, they will generally have looser stops.

A stock with a higher Risk Rating figure is usually more volatile, which could result in larger targets or losses. GorillaPicks with a low Risk Ratings usually take longer to achieve their projected goals, but provide the least amount of potential trade risk.

The Banana Barometer Tool

The GorillaTrades System provides the Banana Barometer section to communicate an overview of the current market conditions: strength, over-bought, neutral, weakness, or over-sold. It also includes support and resistance levels for the three major indices. A quick link to the Banana Barometer is located in the Gorilla's evening email.

The Light Volume Pullback (LVPB)

The LVPB list is used to alert subscribers of GorillaPicks in the current portfolio that have achieved their first target, but are currently experiencing a non-damaging decline in price. This is an opportunity for subscribers to potentially jump back into strong continuation patterns that may have a high probability of future advancement.

Many of these GorillaPicks are chosen immediately after a clear short-term trend reversal has occurred. These stocks are exhibiting strength regardless of the overall market environment. This area may provide the opportunity for a high probability entry. Whether using this tool to initiate new purchases or add to existing positions, the Gorilla recommends concentrating on second target goals, while always carrying an exit strategy based upon your personal risk tolerance.

At times, like during steep market selloffs or a very strong portfolio, there may be an abnormally large number of LVPBs. At other times, like when the overall market becomes over extended, there may be no LVPBs. This feature assists GorillaTrades subscribers in making wise investment decisions; those with the greatest probability of success.

The Return-to-risk Ratio (RTR) Tool

The RTR Tool enables subscribers to quickly sift through the current portfolio to identify those GorillaPicks that are exhibiting strength greater than the market itself or are experiencing a non-threatening pullback.

A larger RTR number indicates that a GorillaPick is closer to its stop-loss level than its second

target. It can also detect a GorillaPick that are experiencing a mild pullback. A smaller number indicates that a GorillaPick is closer to its second target than it is to its stop-loss level. These GorillaPicks are exhibiting strength versus the overall market.

In conclusion, the higher the RTR number, the greater the risk that a GorillaPick may stop out, but the losses incurred will be smaller in relation to the potential rewards. Conversely, the smaller the RTR number, the less risk there will be that a GorillaPick will stop out. The losses incurred may be larger in relation to the potential rewards.

The Special Situations Radar Screen

These picks are among the scarcest picks. The picks that appear on the Special Radar Screen are meant to be a bonus to the GorillaTrades service. Unlike GorillaPicks, you're on your own with these picks and don't receive any guidance. Additionally, the market cap of these stocks can sometimes be very low and they can be quite volatile. Only more aggressive subscribers should consider these picks. These picks are meant to have longer holding periods – several months to years in some cases. The charts of these stocks will not always follow the textbook definition of a true GorillaPick, but are considered for their extreme return potential.

The charts of these stocks frequently resemble early stage or premature cup-and-handle patterns. Please always carry an exit strategy with each trade and never carry more than 5%-10% of your capital in a single position.

GorillaPicklets

These picks are among those with the most upside potential. The picks that appear on this list are meant to be another bonus to the GorillaTrades service. As with Special Situation Picks, you're on your own with these picks and don't receive any guidance. While the charts of GorillaPicklets will usually follow the textbook definition of a regular GorillaPick, the share price is always near or below \$5. Thus, Picklets can be extremely volatile! Again, only the most aggressive subscribers should consider these tiny stocks. These picks are also meant to have longer holding periods; several months to years in some cases.

Last, the rules of the jungle:

1. Invest no more than 5-10% of your capital in any one GorillaPick.
2. Allow 3-4 months to build a portfolio of about 10-20 strong GorillaPicks.
3. Always carry an exit strategy with each trade.
4. Diversify your capital with first target profits.

5. Each trade entry is designed to have a 2-3 times greater potential profit (12-24%) than potential loss (6-8%).
6. Waiting for a stock to experience a Confirmation Day will drastically reduce trade risk and preserve capital.
7. Pursuing second targets will create a strong portfolio of winning stocks with only 25% of your original capital.
8. Never chase a new GorillaPick that gaps up more than 5% at the open.
9. Remember that stocks do not rise forever. Pay the price that coincides with your exit strategy.
10. Do not over commit capital too soon. Dollar cost averaging "up" creates the most stable cost basis.

This concludes the GorillaTrades System tutorial. If you're ready to sign up for your 30-day free trial featuring full access to the Subscriber site, all the latest GorillaPicks and the evening email, [click here to get started now](#). Otherwise, why not test your knowledge of the GorillaTrades System by taking the quiz below?