

# Summary & Discussion of My Trading History of UnumProvident Corporation (UNM) in 2000 Based on the Post Peak Bounce Pattern

New World Technologies, Inc.  
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## UNM Trading Executive Summary

The following is a synopsis for this stock investment.

Return on Investment (ROI)	-5.7% in 3 weeks
Maximum possible ROI	127.1% within 16 months
Reason for Purchase	Post-peak bounce pattern
Time Frame When Purchased	2000

The next two sections include more details on the reasons for the trade, the trading history, and the maximum potential ROI.

Copies of the original stock transaction receipts, for each of the trades (buy and sell), are included in the appendix at the end of this document.

## Introduction

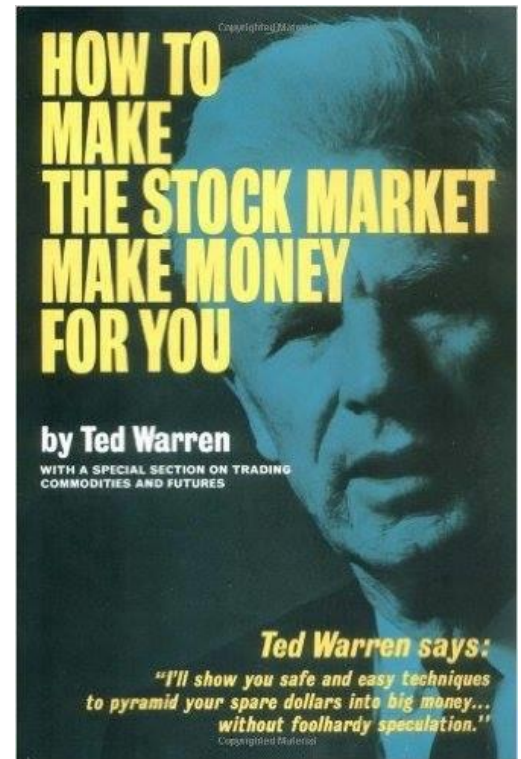
In 1989 I was introduced to Ted Warren's book, "How to Make the Stock Market make Money for You" (originally published in 1966) – his claim was that one could discern specific patterns in stock histories to predict future performance (this is also called "Technical Analysis").

In order to validate his claims, I studied many stock charts from the local library in 1990 – interestingly I found that the same type of patterns that Warren had used as examples from the 1950s and 1960s, were also present in the stocks that I'd studied from the 1970s and 1980s.

Thus the next step was to begin investing - which is where the "rubber meets the road" so to speak, using the techniques that he had described in this book.

During the early, mid, and late 1990s, I was successful for the most part, in selecting and investing in good stocks based on specific patterns – my primary downfall was in not being patient enough to wait for the stock to meet its full potential.

This document discusses the details of one of thirty documented stock investments which were made based on the patterns discerned from that particular historical stock profile.



## Discussion, Chart, & Results

This could have been a “Parallel Horizontal Lines” pattern but the time frame was really too short (usually should be several years). Thus it fell into the category of “Post Peak Bounce” pattern – that is that it would bounce back after dropping steeply from an original peak high. The high had been up to \$60 / share and at the time that I was looking into it, it was below \$15 / share. The company was relatively solid financially speaking and hadn’t been that low in years – so again, it fell into this “Post Peak Bounce” category (the expectation of a bounce which is where the profit would come in if the purchase was made sufficiently near the bottom floor).

### Original Return on Investment

The two charts below in Figure 1 are the same – the difference being that the one on the left shows the UNM stock profile over eight years whereas the one on the right shows the profile for approximately one year – thus it provides a higher resolution on the dynamics of the stock profile relative to the purchase and sale transactions. I purchased the stock at a little over \$14, and then sold it 3 weeks later (impatience or worries that I’d made the wrong decision). Note that if I’d been patient, the ROI could have been 50-100% in 6 to 8 months.



Figure 1 – Observed Pattern, and Buy / Sell History

The transaction summary for this investment is shown below in Figure 2. Note that this does not account for transaction costs.

Date	Transaction	Shares	Cost per Share	Transaction Value
2/14/2000	Purchase	137	\$ 14.313	\$ 1,961
3/7/2000	Sold	137	\$ 13.500	\$ 1,850

Profit	\$ (111)
ROI	-5.7%
Approx. Time Interval	3 Weeks

Figure 2 – Transaction Summary

## Alternative Return on Investment

There was still a lot of upside to this stock – from the time of purchase, the stock increased in value by 127.1% in 16 months – as shown below in Figure 3. Obviously it would be not be easy to figure out exactly where the stock was going to top out before declining again but one could easily have made a 50% or 100% ROI without a problem.

The point is that this Post Peak Bounce pattern successfully predicted that **UNM** would be a high-performing stock if the investment was made near bottom of the fall from the peak.



Figure 3 – Illustration of Actual ROI vs Potential ROI

The transaction summary of this “projected ROI” is shown below in Figure 4. Note that this does not account for transaction costs.

Date	Transaction	Shares	Cost per Share	Transaction Value
2/14/2000	Purchase	137	\$ 14.313	\$ 1,961
6/1/2001	Sold	137	\$ 32.500	\$ 4,453

Profit	\$ 2,492
ROI	127.1%
Approx. Time Interval	16 Months

Figure 4 – Projected Transaction Summary



## Conclusions

As with many of the other trades that I'd made, impatience (or panic in the sense of second-guessing my instincts) ruled the day and I lost out on a really big rise that would have occurred in a relatively short amount of time (less than a year). The "Post Peak Bounce" pattern was good one if applied to solid companies (financially speaking).

## Appendix – Transaction Receipts

The records of the purchase and sell transactions are shown below.

Charles Schwab & Co., Inc.		SIPC		TRADE CONFIRMATION			
HEADQUARTERS: THE SCHWAB BUILDING 101 MONTGOMERY STREET SAN FRANCISCO, CA 94104				<b>CUSTOMER COPY</b> Please retain for your records. Upon the terms and conditions printed on the back hereof and none other. Please see reverse side for a listing of capacity codes.			
We Confirm That You	Quantity	Item Description	Symbol	At The Unit Price Of	Executed On This Date	For Settlement On This Date	
UGHT	137	UNUMPROVIDENT CORP	UNM	14 5/16	2/14/00	2/17/00	
For Your	Account Number	Security Number / CUSIP		Capacity			
Cash		91529Y-10-6		A		HVYY	
L TRR <6 000020610 000000034688 0002 20000215 J MICHAEL FOUCHE CHARLES SCHWAB & CO INC.CUST							
				020610		*00000206100102C*	
Principal Amount					\$1,960.81		
Schwab Commission					29.95		
Total Amount					\$1,990.76		

### Stock Purchase Receipt

Charles Schwab & Co., Inc.		SIPC		TRADE CONFIRMATION			
HEADQUARTERS: THE SCHWAB BUILDING 101 MONTGOMERY STREET SAN FRANCISCO, CA 94104				<b>CUSTOMER COPY</b> Please retain for your records. Upon the terms and conditions printed on the back hereof and none other. Please see reverse side for a listing of capacity codes.			
We Confirm That You	Quantity	Item Description	Symbol	At The Unit Price Of	Executed On This Date	For Settlement On This Date	
D	137	UNUMPROVIDENT CORP	UNM	13 1/2	3/07/00	3/10/00	
For Your	Account Number	Security Number / CUSIP		Capacity			
Cash		91529Y-10-6		E		HVYY	
L TRR >5 000002339 000000026443 0010 20000308 J MICHAEL FOUCHE CHARLES SCHWAB & CO INC.CUST							
				002339		*0000023390110M*	
Principal Amount					\$1,849.50		
Schwab Commission					29.95		
SEC Fee					.07		
Total Amount					\$1,819.48		

### Stock Sell Receipt