Automated Allocations

***The Strategy That Adjusts…
Automatically.***

Video Script
Video 10
Print, Add Funds

In this video we'll discuss the print mode and the Add Funds mode on our action menu. The Print button on the Action Menu will bring up three choices… Print Header. Print Summary. And Print All History.

The header is a simple one-page report. The header information on top uses the recent quote, so the information is up to date when the report is printed. The next buy and next sell data follows. Below the header, we list the original position and the current position using the recent quote information. A concise report showing where we started, where we are, and how we got here.

The Summary is also a one-page report. It starts with the header report and simply adds as many recent transactions it can fit on the page.

Finally, the All History report is every line of the trade history as seen at the bottom of the app.

Three choices for those who like or may need a hard copy. We'll also take a look at our Add Funds mode on the action menu. We've already discussed adding funds to our Automated Allocations portfolio using AA Plus. We know that when we add funds using the AA Plus, most, or even more of those funds are put to work immediately. This is a fundamental and strategic behavior of Automated Allocations. It should be understood that funds added to any investment account that are not deployed, can actually lower the rate of return. Funds added to AA using the add funds mode are not considered by the internal algorithms of Automated Allocations that calculate buy and sell points. AA will acknowledge the added funds in the cash balance and gain calculations. Therefore, those funds WILL be available for buy transactions and PAMMY transactions. They WILL NOT effect the internal calculations of AA until they are used. The Add Funds mode is simply another available tool the user may find useful.
Let's take a quick look at the print mode and add funds mode...

We're in our Roth IRA example. Let's hit the Print menu button. And we can see our three choices, Print Header, Print Summary, and Print All History. Here's what these look like for this portfolio.

The Header page. Just about everything about this portfolio on half a page.

Then we have the Summary, the Header with the bottom half of the page filled in with the most recent transactions.

And finally, the All History report. This particular one is three pages long. So, the Automated Allocations App has three reports for the user.

Let's go back to the app and check out the Add Funds mode. We want the PAM 1 portfolio we've been working with. We left it fairly low on funds, which isn't a requirement, but it will help show what happens when we use the add funds mode. Yeah, as suspected, there's only $44.56 in cash. Let's assess the situation and see exactly where we are. There isn't enough cash on hand to buy any shares, so our next buy target is struck through, and there's no number of shares shown.

What else do we have? There's the PAMMY, but that's for using funds that are in AA and not being used. Not the case here. $44.56. That's it. There's AA Plus. That's what we're supposed to use. The AA Plus amount is only $156 and that's the minimum. We've seen that we can always add more than that amount.

Let's just say there are some extenuating circumstances to the additional funds we happen to have on hand. It's grandpa again. It's spring, the middle of April, and grandpa wants to gift us some more money. There's one catch though. He said he'll give us $3600 but then he added, “Don't spend it all at once.”

We agreed to put it in our trading account, but only spend it at the rate of $300 a month. The Add Funds mode of Automated Allocations will work perfectly for this agreement. We get the date entered in, the current price $102.51 and the $3600. Hit the enter and notice our menu goes back to the trade mode.

The transaction is listed as a deposit. We have $3600 more in the account. Our Next Buy target is now open and shows how many shares to buy. We can now put a good till canceled buy order in. Also, on the first of every month, we can do a PAMMY for $300 per our agreement with Grandpa. Let's do that.

It's the beginning of May. Time for Rule Number 2. Let's get the date entered. May 2nd, and then the price $115. And then the $300 from Grandpa. AA tells us to buy 3 shares, enter that in, and there's another PAMMY done.

It is important to understand that using the Add Funds mode of Automated Allocations is not the recommended mode of operation. The PAMMY is used to put to work a small portion of our unused cash on hand and to do it only 3 times each year. The optional AA Plus is used to add new funds into AA. In the real world, there may be a viable need for AA's Add Funds mode. The Add Funds mode gives the user the means to add new funds to the portfolio and for whatever reason, bypass the AA Plus operation, another tool provided by Automated Allocations. Enjoy.