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## Portland Chapter

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### 2025 Annual Business Meeting & Chapter Education Event

Your Chapter Host Directors:

Marcia Couey, Bob Smith Michael Smith, and Karen Moore



## Buy Low / Sell High sell more, accelerate profits

Presented By Mike Torbenson

Sept. 20, 2025,  
Portland Chapter Annual  
Business Meeting & Education

Author of: **Stock Selection Guide (SSG) & Portfolio Management MAGIC; Options Magic; Personal Finance Magic**; former instructor for the Puget Sound Chapter; former Microsoft Manager; retired Entrepreneur; current member of two clubs, current title: Grandpa.

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## Agenda



Understanding the strategy of buying low and selling high



Using P/E ratios to make informed investment decisions



Analyzing business cycles using P/E trends



Comparing buy and hold versus buy low/sell high approaches



Managing risk and reward

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## At the end, you will...

ALWAYS buy a **QUALITY** stock when the P/E is Low.

Understand how to improve your ROI incrementally

1. Buy and Hold (what you might be taught)
2. Buy Low and Hold
3. Buy Low and Sell High
4. Buy Low, Buy Low, Buy Low and Sell High
5. Buy Low/Sell High repeatedly based on the **business cycle**

Know how to pick a low and high P/E based on the business cycle

1. Buy **at or near** the 5-year Low P/E (SSG 4B)
2. Sell **at or near** the 5-year High P/E (SSG 4A)

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## Performance Challenge

Benchmark = S&P 500

Use [Don't Quit Your Day Job](http://www.DQYDJ.com) S&P Calc ([www.DQYDJ.com](http://www.DQYDJ.com))

DQYDJ S&P 500 Dollar Cost Averaging Return Calculator

Starting Month	<input type="text" value="July"/>	Starting Year	<input type="text" value="2015"/>
Ending Month	<input type="text" value="August"/>	Ending Year	<input type="text" value="2025"/>
Starting Amount (\$)	<input type="text" value="100"/>	Monthly Investment (\$)	<input type="text" value="100.00"/>
Final Value of Portfolio (\$)	<input type="text" value="26194.97"/>	Annualized Return (XIRR - %)	<input type="text" value="14.558"/>
Total Invested (Cost Basis - \$)	<input type="text" value="12200"/>	Value After Capital Gains Tax (\$)	<input type="text" value="24282.44"/> 

Ask your treasurer for your balance and growth rate.

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## Want more?

- You can **IMPROVE** your results IF you
- Buy and Sell based on the **business cycle** as demonstrated by P/E **history**

Let's explain the business cycle ...

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# Business Cycles

## Cycle Concepts

Revenue  
Time (1-5 years +/-)  
Contraction  
Expansion  
Trough  
Recovery  
Prosperity  
Buy Low  
Sell High

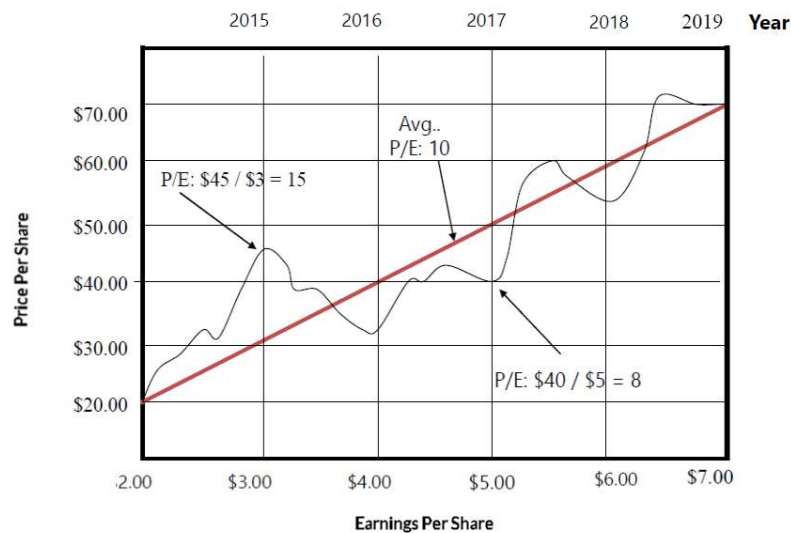
## BUSINESS CYCLE Ideal Example



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# How the P/E Ratio Fluctuates



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## E\*Trade Chart for MSFT

P/E Range=41%

5-year PRICE chart

5-year P/E chart

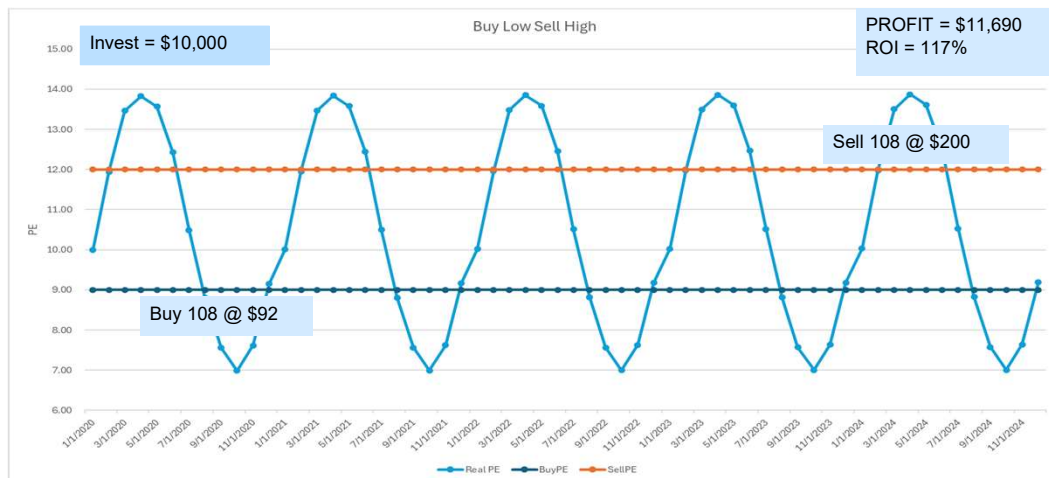


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## Fictitious Ideal using BUY and HOLD

Price=\$100. EPS=\$10. Avg P/E=10. P/E Range=  $\pm 35\%$

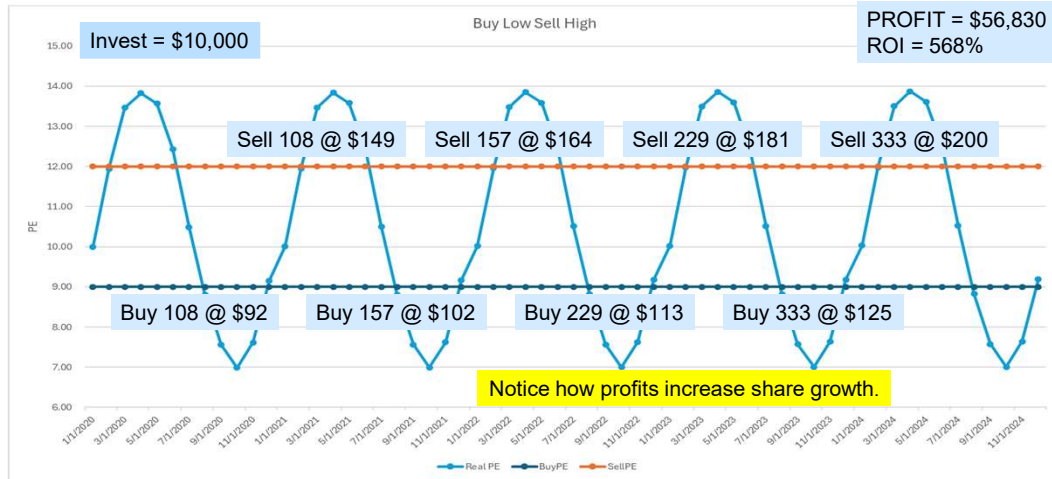


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## Fictitious Ideal using BUY LOW/SELL HIGH

Price=\$100. EPS=\$10. Avg P/E=10. P/E Range=  $\pm 35\%$



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## Risk/Reward Range

### Buy & Hold

- Stock = Fictional
- Perfect 10% growth
- Invest \$10,000
- Profit = \$11,690 (117%)

### Buy Low/Sell High on Business Cycle

- Stock = Fictional
- Perfect 10% growth
- Invest \$10,000
- Profit = \$56,830 (568%)

Increasing Risk and Reward

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## Managing Risk & Reward

Increasing Risk and  
Reward

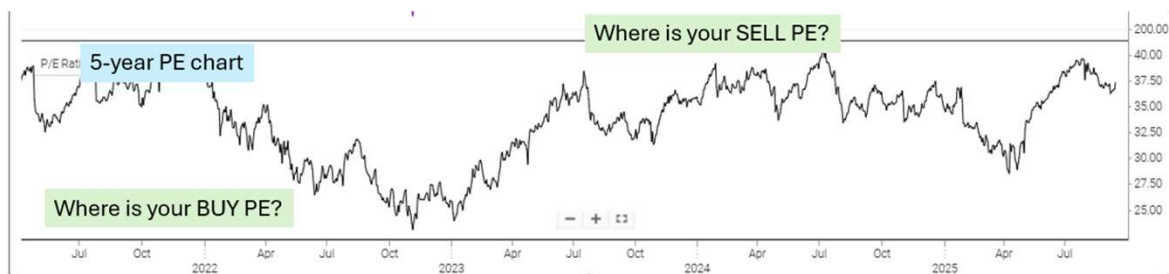
1. Buy and Hold
2. Buy Low and Hold
3. Buy Low and Hold to Sell High
4. Buy Low, Buy Low, Buy Low, Hold to Sell High (Dollar Cost Average)
5. Buy Low, Sell High based on Business Cycle

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## How to select business cycle tops/bottoms?

- Use a 5-year TTM P/E chart
- Use your eye to find a P/E that historically would have resulted in repeated buy opportunities. (**Bottoms**)
- Use your eye to find a P/E that historically would have resulted in repeated sell opportunities. (**Tops**)





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## E\*Trade Chart for MSFT

P/E Range=41%

5-year PRICE chart

5-year P/E chart



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## E\*Trade Chart for MSFT

P/E Range=41%

5-year PRICE chart

5-year P/E chart



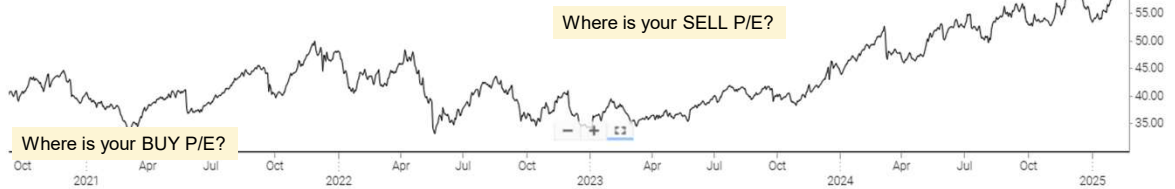
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# E\*Trade Chart for COST P/E Range=66%

5-year PRICE chart

5-year P/E chart



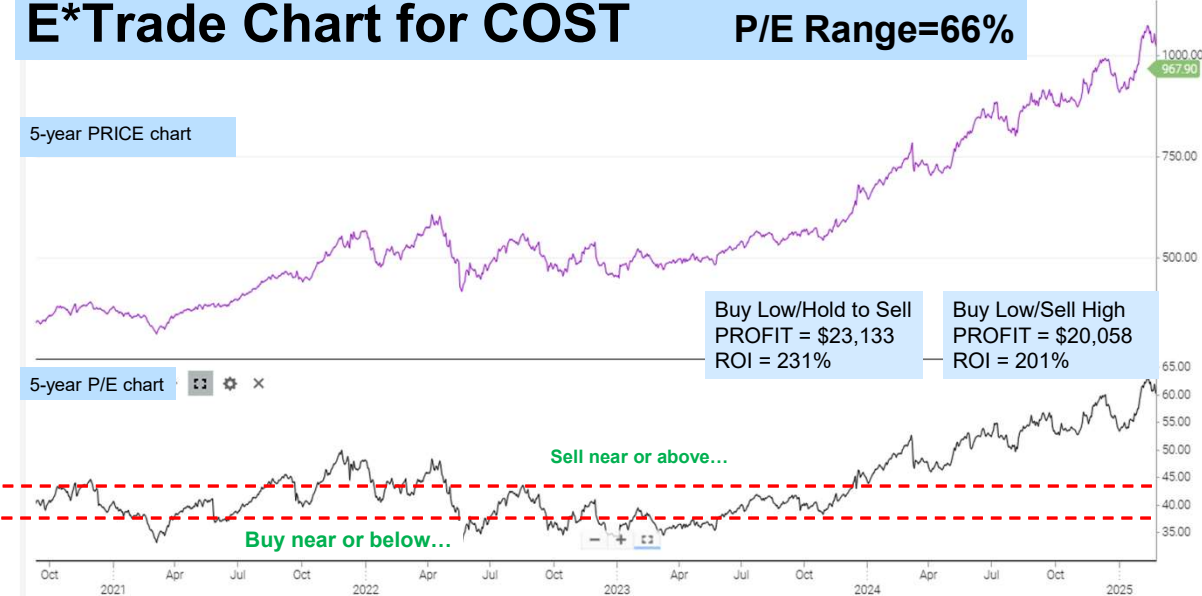
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# E\*Trade Chart for COST P/E Range=66%

5-year PRICE chart

5-year P/E chart



## In conclusion...

1. Buy low

### Quality Stock

**5-year average P/E:** Buy below the **Average P/E**.

**Business cycle bottom P/E:** Buy at or near the 5-year average Low P/E.

2. Sell high

Convert unrealized gains into realized gains

Use realized gains to buy more quality stock at a low P/E

## What We Covered Today

- **ONLY** buy a **Quality** company when the P/E is BELOW the 5-year Average P/E (SSG sections 3 & 4)
- **Incrementally improve your ROI** by
  1. Buy and Hold
  2. Buy Low and Hold
  3. Buy Low and Sell High
  4. Buy Low, Buy Low, Buy Low and Sell High
  5. Buy Low/Sell High repeatedly based on the **business cycle**
- **Use TTM P/E history** to define Low and High P/E.
  - ✓ Low P/E (SSG 4B)
  - ✓ High P/E (SSG 4A)

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Oh yeah,

I **still** cannot get my club to completely sell a stock even when it's well into the sell zone!



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## Resources

**Stock Selection Guide (SSG) & Portfolio Management Magic, Chapter 7. Valuation: High & Low P/Es.** By Mike Torbenson. Published in 2020 (Amazon lists several versions, but you will only get 2020 – see the sample title page on Amazon.com)

[Don't Quit Your Day Job](http://www.DQYDJ.com) S&P Calc ([www.DQYDJ.com](http://www.DQYDJ.com))

“How the P/E Fluctuates” **slide** from Craig Braemer

[www.ETrade.com](http://www.ETrade.com) > You may be able to open an unfunded (or low-funded) account to use Charting resources.

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## Questions and Comments

### Buy Low, Sell High

Using P/Es to Accelerate Profits

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# GO LIVE !

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