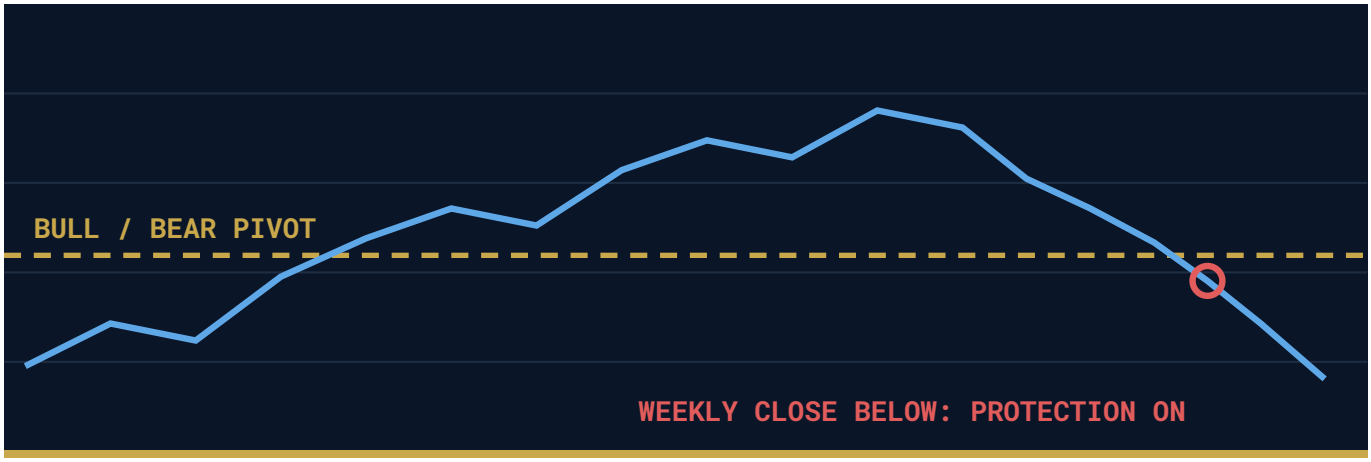
MAGNELIBRA

TRADING & RESEARCH

A FIELD GUIDE FOR LONG-ONLY INVESTORS

The Protection Playbook

How to find the line that matters, decide your risk in advance, and hedge a stock portfolio before the headlines catch up.



INSIDE

1. Find the line: the bull/bear pivot
2. Decide in advance: confirm and wrong levels
3. Choose the protection: collars, put spreads, less leverage
4. Timing and the exit ladder
5. Case study: the November 2026 break
6. Your one-page checklist

Don't think you're protected. Know you are.

Mike Agne · Founder & CIO, Magnelibra Capital Advisors LLC · 30 years on prop and hedge fund trading desks

Most portfolios have no plan for the day the trend turns

Hey everyone, Mike here. Thank you for reading. Over 30 years on trading desks, the lesson that never changed is simple: the professionals decide what they will do *before* the market makes them decide. Most long-only investors never do. They own good companies, they ride the trend, and when it turns they find out what their plan was in real time, usually at the worst price.

This guide is the process we use at Magnelibra, written so you can apply it to your own portfolio. It has four parts:

1 Find the line
One bull/bear pivot per market. Above it, the trend is up. Below it, down.

2 Decide in advance
Write down what confirms the break and what would prove you wrong.

3 Choose the protection
Collar, put spread, or simply less leverage. Match the tool to the investor.

4 Exit by rule
A ladder that banks gains and never asks you to guess the bottom.

WHY NOW

Through late 2026, the nine megacap stocks that carried the market went sideways for a year, leadership rotated away from the Nasdaq, and the Federal Reserve faced 3.6% PCE inflation with little room to rescue stocks the way it did in 2020. Those are the conditions in which a plan matters most.

Everything in this guide is educational and hypothetical. The structures shown are model illustrations, not orders and not recommendations. Full disclosures are on the last page.

One line per market. No opinions in between.

The bull/bear pivot is a single price level on the **weekly** chart where a market's character has changed before: a breakout level, the middle of a long channel, or a support area that held through prior pullbacks. It usually sits close to the 50-week moving average, which is no accident. That is where long-term buyers have defended the trend.

RULE	WHAT IT MEANS IN PRACTICE
Above the pivot, bullish	Stay invested. Use pullbacks toward the line to add or rebalance.
Below the pivot, bearish	The trend has changed. Protection goes on or stays on.
Weekly closes decide	An intraday break is a warning. Only a Friday close confirms it.
The averages confirm	The 21-week and 50-week averages show whether a break has trend behind it.

THE PIVOTS WE PUBLISHED, AND WHAT THEY DID

MARKET	PIVOT	WHEN WE NAMED IT	THURSDAY, NOV 5
QQQ	675	Oct 14, at 728.92	**647.05, broken**
Nikkei 225 (USD) futures	61,575	Nov 1, at 62,480	**57,195, broken**
Nasdaq 100 futures	27,885	Nov 1, at 28,543	**26,604, broken**
S&P 500 vs Nasdaq spread	-200,000	Oct 21, below it	**-164,430, reclaimed**

The spread rising above its pivot meant money was leaving the Nasdaq leaders for the broader market, the early warning that came before the break.

Pick the markets that drive your portfolio. If you own megacap tech, watch QQQ or Nasdaq futures. If you own the broad market, watch the S&P 500. We also watch the Nikkei, which has often turned first for global equities.

Every call needs a confirm level and a wrong level

A view without an invalidation point is a hope. Before anything happens, write down three numbers for each market you own, and the action attached to each one.

WRONG LEVEL

Weekly close back above the pivot

The break failed. Take protection off and get back to owning the trend.

PIVOT

The line itself

An intraday break is a warning. Prepare, price your hedges, do not panic.

CONFIRM LEVEL

Weekly close below the pivot

Act. Protection goes on, leverage comes down, exits follow the ladder.

A WORKED EXAMPLE: THE 30-YEAR TREASURY, OCTOBER 14

We called the long bond's top with the 30-year yield at **5.526%**. Wrong level: a weekly close above the **5.733%** cycle high. Confirm level: a weekly close below the **5.00%** breakout pivot. Objective: **4.25%** within twelve months. Every reader knew from day one exactly what would make us change our mind.

Write it down like a desk would

YOUR PLAN, FOR EACH HOLDING	EXAMPLE: QQQ, NOV 1
Pivot	675
Wrong level (protection off)	Weekly close back above 675
Resistance where you hedge into strength	711 to 717 gap and 21-week average
Downside context, not a forecast	About 580, a repeat of the 2025 decline
Action on a weekly close below the pivot	Protection on, leverage down, exits by ladder

Match the tool to the investor

There is no single right hedge. The question is how much you are willing to pay, how much upside you are willing to give up, and how much time you want the protection to have. These are the three structures we modeled on November 1, with QQQ at 690.49.

PROFILE	STRUCTURE	COST	WHAT YOU GET
Conservative QQQ or megacap holders	Dec 650 / 740 collar	$485	A floor 5.9% below the market, upside capped at 740. Buy the put, sell a call to pay for most of it.
Typical investor Medium risk	Dec 690 / 625 put spread	$1,538	Max gain $4,962 if QQQ reaches 625. Pays about 3.2 to 1. Breakeven 674.62.
Aggressive More time, deeper target	Mar 675 / 580 put spread	$1,929	Max gain $7,571 at the 580 area with 4.5 months to work. Pays about 3.9 to 1.

Mid prices at the Oct 30 close, $100 per point, per one unit. All defined risk. Hypothetical model illustrations.

You do not need options to protect a portfolio

TOOL	HOW IT PROTECTS
Cut leverage first	Reduce margin and concentrated single names on a weekly close below the 50-week average.
Cash and T-bills	With rates near 4%, waiting in cash is paid. It is no longer dead money.
Treasury duration	When growth fears hit, bonds can rally while stocks fall, offsetting part of the loss.
Self-custody	For crypto you intend to keep, holding your own keys removes exchange risk.

Buy protection on the bounce. Exit by rule.

When to buy. The best time to buy protection is on a rally, when volatility eases and puts are cheaper. On November 1 we said any rally into the 711 to 717 zone in QQQ was a window to hedge, not a reason to chase. QQQ peaked at 701.45 on November 4 and closed at 647.05 the next day.

THE MAGNELIBRA EXIT LADDER

WINNERS, TRANCHE 1	Take **50%** off at the open after the catalyst.
WINNERS, TRANCHE 2	The next **25%** is stopped if profit falls to half of what the first tranche captured, or by 1:00 PM ET.
WINNERS, TRANCHE 3	The final **25%** is stopped at a quarter of that profit, or at the close.
LOSERS	**100%** out at the open. Size every position as if the full debit is at risk.

Why a ladder works. Amazon's earnings in October show it. Our put spread opened near full value with AMZN at 232.54, then the stock bounced to 240 by the close. Holding to expiration would have made $145 per unit. The ladder banked $637.

OUR LEVELS ARE OUR STRUCTURE, NOT YOUR RULE

The pivots and the ladder are how Magnelibra structures risk. They are a framework, not an instruction. If a hedge has paid well and you want to take some off early, that is a reasonable decision. Discipline means having a plan. It does not mean ignoring your own situation.

Four days later: what the playbook did

We published the Protection Playbook on Sunday, November 1. By Thursday, November 5, QQQ had broken its 675 pivot, its 50-week average and its weekly support, closing at 647.05. Here is how the three hypothetical structures were marked at that close.

STRUCTURE	PAID NOV 1	MARKED NOV 5	RESULT
Dec 690 / 625 put spread	$1,538	$3,066	**+99%, 47% of max**
Mar 675 / 580 put spread	$1,929	$3,231	**+67%**
Dec 650 / 740 collar, options only	$485	+$2,194	**Offset about half of the $4,344 loss on 100 shares**

QQQ 690.49 on Oct 30 to 647.05 on Nov 5. Hypothetical, marked at closing mid prices, $100 per point, per one unit. Not actual trading.

> **WHAT THE INVESTOR WITHOUT A PLAN EXPERIENCED**
>
> The same four days, with no hedge: a 6.3% drop in QQQ, an 11.3% drop in NVIDIA, and an 8.5% drop in the Nikkei, with headlines explaining each move after it happened. The pivot did not predict the news. It simply told us, in advance, which side of the line we were on.

The lesson

None of this required predicting the midterms, the Fed or earnings. It required one line per market, decided in advance, and the discipline to act on a weekly close. That is the whole method.

The one-page checklist

- [ ] List the two or three markets that drive your portfolio.
- [ ] Mark one bull/bear pivot on each weekly chart, near the 50-week average.
- [ ] Write down the wrong level and the confirm level for each one.
- [ ] Decide which protection fits you: less leverage, a collar, or a put spread.
- [ ] Price it now, while you are calm. Buy it on a bounce, not into a panic.
- [ ] Check your levels once a week, after the Friday close. Ignore intraday noise.
- [ ] Exit by the ladder. Take profits in steps. Cut losers at the open.



Get every level, every week

Magnelibra publishes the pivots, the hedges and the marks for the Nasdaq, S&P 500, Nikkei, Treasuries and Bitcoin, with every number shown and every call kept on the record. Free to join.

blog.magnelibra.com

Mike Agne

Founder & CIO, Magnelibra Capital Advisors LLC

30 years on prop and hedge fund trading desks, specializing in Treasury basis and yield-curve spread trading. Defined levels, risk decided in advance, every number published.

Magnelibra Capital Advisors LLC content is provided for educational and informational purposes only. All strategies, structures, signals and performance figures shown are hypothetical and do not represent actual trading; hypothetical results have inherent limitations and are never indicative of future performance. Nothing in this guide constitutes investment advice, a recommendation, or an offer to buy or sell any security, option or futures contract. Options involve substantial risk and are not suitable for all investors. Magnelibra Capital Advisors LLC is not currently registered with the CFTC as a Commodity Trading Advisor. Don't Think You Are · Know You Are.