



## Mission Statement and Management Strategies

### 1. Purpose of the Investment Club

a. Education of and fellowship among the members of the club, by using some of the following resources:

- i. Better Investing Chapter Meetings and Computer Club meetings
- ii. Invite brokers or financial planners to our meetings
- iii. Members research a topic and present it at a meeting
- iv. Better Investing Study Programs
- v. Attend Better Investing sponsored classes and investor fairs
- vi. Seminars and/or speakers at club meetings

b. Portfolio growth to meet long-term financial needs and ensure adequate retirement income using similar financial philosophies as the other club members who realize that the club will not offer a get-rich quick opportunity. The club will strive for a financial goal of at least 15% return on investments, which should double the club's investments every five years.

c. Participation from ALL members who are interested in a long-term (> 5 year) commitment through enjoyment of club activities.

- i. Trips to share holder meetings
- ii. Trips to stock exchanges
- iii. Stock study and selection groups
- iv. Awards and Club Participation Incentives. Members must be in good standing to receive awards and incentives.
- v. All members are encouraged to recruit new members to join the club. The club member shall act as a mentor to the guest. The member shall answer questions, and train the guest on stock selection tools.
- vi. Other planned club outings and events – picnics, banquets, contests

### 2. Partnership Agreement and By-Laws

The club requires the partnership agreement and by-laws be signed by each partner to define the rules of the club and to protect each member's interests.

### 3. Investment Strategy

To achieve the financial goal the strategy will be to follow four basic principles:

- a. Invest regularly, invest the same amount at each meeting, currently \$25 minimum per person.
- b. Reinvest all earnings – all earning will be reinvested to maximize profits through compounding.

- c. Invest in Growth Companies – 100% of investments will be in companies whose sales and earning are advancing at a higher rate than the gross domestic product and whose value are likely to double in five years. These companies should have at least a 5-year history of consistent earnings, revenues and growth.
- d. Diversity to Reduce Risk – The best approach is to select quality large-cap stocks spread among the 12 main sectors of the economy. Energy; financial services; technology; utilities; health care and pharmaceuticals; transportation; basic materials, which includes such commodities as paper, chemicals, and plastics; capital goods (the manufacture of machinery and equipment); services, including retailing; conglomerates; consumer cyclicals; and consumer noncyclicals. Cyclicals are companies that make products, such as appliances, whose sales are sensitive to economic ups and downs. Noncyclicals are items people buy regardless of the state of the economy - beverages, household supplies, and the like. Limit investment in any one sector to 20% of the total portfolio.

<b>Diversification Table:</b> Our goal is to have no more than 10% of the club portfolio in any one cell.			
Industry	Less then 500M in Revenue	500M to 4 Billion in Revenue	4 Billion or more in Revenue
Basic Materials			
Capital Goods			
Conglomerates			
Consumer Cyclicals			
Consumer Non-Cyclicals			
Energy			
Financial			
Health Care			
Services			
Technology			
Transportation			
Utilities			
Cash (10% of Broker Acct)			
Bonds (15%)			

#### 4. Stock Selection Strategy

The strategy for stock selection shall be based upon the methods used by Better Investing. Research will be required by each member to gather information concerning stocks under consideration for purchase by the club. Each member may be asked to follow the activities of a company in which the club has made an investment and report to the membership any activities, which could affect the club's investment in that company. Additional selection criteria may be used for enjoyment, contests, and member education. See the Better Investing guide chapters 2 – 11.

#### 5. Portfolio Management

- a. The club will keep a record of purchases, reasons for purchases, sales, reasons for sales, PERT Worksheets A before and after a stock purchase, the PMG report and Challenge Tree.
- b. A PERT, portfolio listing by size & industry, diversification by size & industry, and trend reports will be prepared before each meeting. The member(s) responsible will be assigned the task at the prior meeting. See the Better Investing guide chapters 12 – 15, 23.
- c. Ideally, the portfolio will be broken down into 10% cash, 10% bonds or preferred stock, and 80% stocks.