



# **Guest Kit**

## **2011**



## Guest Kit – Table of Contents

Welcome Letter .....	1
Officers & Partners 2011.....	2
Frequently Asked Questions .....	3
Prospective Member Information .....	5
The GenXchange Library .....	6
Education Topics 2011 .....	8
Mission Statement and Management Strategies .....	9
Partnership Agreement.....	11
By-Laws .....	14
Prospective Member and New Member Reading List.....	20
Notes pages.....	22
Reading Material.....	26

Dear Prospective Member,

On behalf of **GenXchange Investment Club** (GenX), I would like to thank you for your interest in our organization.

GenX was founded in November 1999 and is currently composed of 13 members. We are a multi-faceted group of individuals. Based in Houston, Texas, GenX expects its membership to continue to diversify and expand. Meetings are held the second Tuesday of each month at 7 PM. Information covered in our monthly meetings includes stocks, bonds, mutual funds, personal finance, and retirement planning with a strong emphasis on stock studies. GenX is a member of Better Investing (formerly the National Association of Investors Corporation (NAIC)) and follows their guidelines for investing.

Investing can be a lonely and daunting task, and an investment club is a lot of work. Don't let hard work and veteran investors scare you away. Let GenX provide partnership not only in business and financial gains, but education. We provide access to low cost classes, investment tools, and investment plans. Most importantly, you are not alone. Many members of the club started out with little or no knowledge of investing.

The commitment we require is participation and monthly financial contributions. It generally takes about two to five hours per month to complete your club duties with our monthly meetings usually last two hours. More time may be required from club officers.

Please take a moment to review the information in this GenX Welcome Kit. We hope that this packet answers any questions that you may have about our investment club. More importantly, we hope that you will discover the wide range of benefits in joining GenXchange Investment Club. We are confident that GenX's mission of financial education and portfolio growth will provide the resources you need to succeed with your personal financial goals. We look forward to seeing you at our next meeting.

If you need more information, please feel free to contact your club mentor, any of the club officers or partners. Additional information can also be found on our website [www.genxchange.com](http://www.genxchange.com).

Best Wishes,

Charyl Teal  
Founder  
GenXchange Investment Club

Mentor: \_\_\_\_\_

Mentor #: \_\_\_\_\_

Next Meeting Date: \_\_\_\_\_

Next Meeting Location: \_\_\_\_\_



## Officers & Partners 2011

<b>Partner</b>	<b>Title</b>	<b>Joined</b>
Charyl T.	Portfolio Manager	Feb. 2000
Tim B.	Treasurer	Aug. 2000
Greg B.	Partner	Feb. 2004
Max L.	Public Relations	May 2004
Mike W.	Asst. Treasurer	May 2004
Christiana V.	Secretary	Jan. 2005
Sean B.	President	Nov. 2007
Jose G.	Vice President	Feb. 2010
Cynthia I.	Asst. Secretary	Nov. 2010
Roderick L.	Partner	Jan. 2011
Elizabeth S.	Partner	Aug. 2011
Tawanda J.	Partner	Sep. 2011
Patrick C.	Partner	Oct. 2011



## Frequently Asked Questions

### **How much does it cost to be a member of GenXchange Investment Club?**

*There is a \$100 joining fee, a \$100 annual fee, and \$25 minimum monthly contribution.*

### **Will being a member of GenXchange make me rich?**

*If your goal is to have quick returns, then GenXchange is NOT for you. Our goal is to double our investments every 5 years and reinvest any dividends that are made. We expect to have a large return in the long run, but, as common sense dictates, we CANNOT PROMISE financial wealth. Stock market gains vary too much for promises.*

### **How many members are in the club, and how long has GenXchange Investment Group been around?**

*11 members formed GenXchange in November 1999. As of November 2011 the club had 13 members.*

### **Who does GenXchange use as its brokerage firm?**

*We use the online broker TD Ameritrade.*

### **What is GenXchange's investment strategy and mission statement?**

*We are a long-term investment club with semi-aggressive strategies. We do not engage in short-term investments such as "day trading" or "penny stocks". We use Better Investing as a guide to run the club and invest our money. See our mission statement for more details, or visit [www.better-investing.org](http://www.better-investing.org), The Better Investing website.*

### **What do I have to do to join?**

*In order to join GenXchange you must complete an application form, attend and participate in 3 of 4 consecutive meetings. Our meetings are held the second Tuesday of every month at 7 PM. You will be asked to present a stock and be interviewed by the club. Current members base decisions regarding whether or not a prospective member is invited to join on a unanimous vote and the submitted forms. Once accepted, a non-refundable joining fee of \$100 will be collected. The first month's investment will also be collected. Currently the minimum initial investment is \$25, and the maximum is 10-25% of the value of the club. Please note that this is not a public offering of GenX.*

### **What do I have to do to remain a member in good standing?**

*In order to remain in good standing, members must regularly attend meetings, be on time, stay current with monthly contributions, and complete all research or tasks assigned to him or her during the meeting.*



## Frequently Asked Questions

### **What if I just want to send in my money?**

*GenXchange does NOT allow members to simply pay dues and not participate in the research of stocks or any other tasks required to maintain the club. For those members who are unable to physically attend meetings, it is their responsibility to submit dues, research, assigned tasks, and proxy (if applicable) or any other pertinent information BEFORE the next scheduled meeting.*

### **What returns have the club posted in the past?**

*Please visit [genxchange.com](http://genxchange.com) for the latest returns information.*

### **Is there a limit on the amount of members that can be in the club?**

*GenXchange limits membership to 25 people.*

### **Will my tax preparation become very complicated?**

*The GenXchange treasurer will prepare an IRS form 1065 to file the club tax return. Each member will receive an IRS schedule K-1. This information is treated like an IRS form 1099-Div, or capital gain/loss form. Each member is responsible for their portion of taxable income/loss from the club.*

### **Where do we find stocks to study and purchase?**

*The stock choices that GenXchange decides to research and/or buy come from information received from brokers, financial/investment magazines and websites, newspapers, television programs, or member's personal opinions.*

### **Does GenXchange deal with mutual funds?**

*GenXchange's main focus is on stocks because of the flexibility and control that we have over investment choices.*



## Prospective Member Information

### Becoming a member of the GenXchange Investment Club

Prospective members are required to attend three of four consecutive meeting before they can request membership into the club. This allows one absence during a four month period. All meetings, including the annual picnic (June) and annual banquet (December) count towards the required three meetings.

#### **First Meeting:**

Guest will be introduced to existing members and will be asked to introduce themselves and let the club members know what brought them to our meeting. Guest will receive a Guest Kit.

#### **Second Meeting:**

Guest will be assigned a mentor that will assist them in the required activities for their third meeting. Guest should feel free to participate in the meeting, time permitting, and ask questions of the members at the end of the meeting.

#### **Between the Second and Third Meeting:**

Guest should meet with their mentor and find a company stock that appeal to the guest and is approved by the mentor. The guest and mentor will work together to create and discuss the Stock Selection Guide (SSG) for the chosen stock.

#### **Third Meeting:**

Guest will present the SSG to the GenXchange members. There is no incorrect way of presenting the SSG since it is only expected that the guest will attempt the SSG presentation. If the guest wants to request membership into the club they will need to fill out a formal application.

#### **After the Third Meeting:**

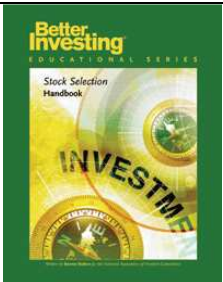
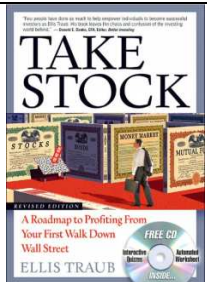


GenXchange members will vote on the prospective member's application and if unanimous, the prospective member will be accepted into the club.


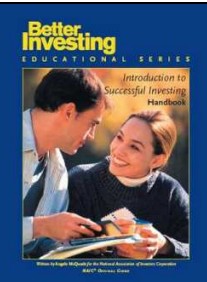


#### **First Meeting as a Member:**

The new member should bring the required joining fee and first month's contributions. Please ask your mentor if you want to make a large first month's contribution since there are limits to how much one member can contribute. The new members should also bring a completed Beneficiary Form and Emergency Contact Form. Both of these forms can be found on the GenXchange website ([www.genxchange.com](http://www.genxchange.com)).

## The GenXchange Library

Library resources are available for members to check out on a monthly basis, free of charge.

				
Title			Qty	Cost (Replacement)
Stock Selection Handbook by Bonnie Biafore 2003			1	\$20.00
Take Stock, 2 <sup>nd</sup> revised edition by Ellis Traub April 30, 2005 (1 <sup>st</sup> Edition also available)			1	\$20.00
Starting and Running a Profitable Investment Club By Thomas E. O'Hara and Kenneth S. Janke, Sr. April 20, 1998			1	\$16.00
GenXchange Education Binder - A collection of past education presentations by GenX Members			1	\$20.00

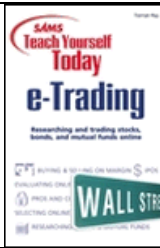
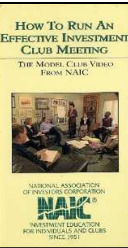

				
Title			Qty	Cost (Replacement)
Investing for Life Youth Handbook by Fritz Williams 2003 (older guide also available)			1	\$20.00
Introduction to Successful Investing - A NAIC Official Guide by Angele McQuade 2004 (older guide also available)			1	\$20.00
Computerized Investing & The Internet Handbook by Douglas Gerlach			1	\$20.00
Investment Club Operations Handbook by Jon Katz			1	\$20.00



## The GenXchange Library

Library resources are available for members to check out on a monthly basis, free of charge.

				
Title			Qty	Cost (Replacement)
Using Portfolio Management Wisdom Handbook by Bonnie Biafore			1	\$20.00
Investment Clubs: How to start and Run One the Motley Fool Way by Selena Maranjian November 1998			1	\$5.00
The Motley Fool Investment Workbook by David & Tom Gardner April 15, 2003			1	\$14.00
Investment Club Book: Best Tips from Investment Clubs by John Wasik November 1, 1995			1	\$20.00

				
Title			Qty	Cost (Replacement)
Sams Teach Yourself E-Trading by Tiernan Ray May 17, 2000			1	\$5.00
How to Run an Effective Investment Club Meeting VHS By NAIC 2001			1	\$6.00
SSG Class Binder (green) By NAIC			1	\$20.00
NAIC stock selection guide and report VHS By NAIC April 17, 1997			1	\$12.00
12 Letters from NAIC New Club Kit			1	\$12.00



## Education Topics 2011

- What management actions signal to investors?
- When is the right time to sell?
- Where to find good BUY candidates and what is the pedigree of a good candidate.
- Managing the portfolio.
- Technical Trading / Options.
- ETFs / Mutual Funds.
- European Sovereign Debt Crisis.
- Commodities.
- The Capital Asset Pricing Model (CAPM).
- Fixed Income Securities (Bonds).
- Review of Financial Ratios.



## 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.
  - vii. Trips to share holder meetings
  - viii. Trips to stock exchanges
  - ix. Stock study and selection groups
  - x. Awards and Club Participation Incentives. Members must be in good standing to receive awards and incentives.
  - xi. 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.
  - xii. 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 earnings 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.



## Partnership Agreement of GenXchange Investment Club General Partnership

This agreement of general partnership, effective February 2000, by and between the undersigned:

NOW, THEREFORE, IT IS AGREED:

1. **Formation.** The undersigned hereby form a General Partnership (the "partnership") in, and in accordance with and subject to the laws of the State of Texas.
2. **Name.** The name of the partnership shall be GenXchange Investment Club.
3. **Term.** The partnership shall begin on 26 February 2000 and shall continue until December 31 of the same year and thereafter from year to year unless earlier terminated as hereinafter provided.
4. **Purpose.** The only purpose of the partnership is to invest the assets of the partnership solely in stocks, bonds, and other securities ("securities") for the education and benefit of the partners.
5. **Meetings.** Periodic meetings shall be held as determined by the partnership.
6. **Contributions.** Partners may make capital contributions to the partnership on the date of each periodic meeting provided, that no partner's capital account exceeds the partner-dependent maximum percentage of the partnership.  $(100 / (\text{Number of Active Partners})) + 10\%$ . Rounding up to the nearest 5% with a minimum of 20%.
  - a) **Joining Fee:** The initial non-refundable contribution made by each partner is \$100.
  - b) **Capital Contribution:** The minimum contribution per periodic meeting is \$25, payable by check or money order, to the club's broker.
  - c) **Yearly Dues:** The yearly non-refundable contribution made by each partner shall be \$100, due in January of each term. This due is prorated \$25 per quarter for partners who joined after March of the previous term.
7. **Value of the Partnership.** The current value of the assets of the partnership, less the current value of the liabilities of the partnership (hereinafter referred to as "value of the partnership") shall be determined on the last business day of every month ("valuation date") or as determined by the partners.
8. **Capital Accounts.** A capital account shall be maintained in the name of each partner. Any increase or decrease in the value of the partnership on any valuation date shall be credited or debited, respectively, to each partner's capital account in proportion to the sum of all partner capital accounts on that date. Any other method of valuation of each partner's capital account may be substituted for this method, provided the substituted method results in exactly the same valuation as previously provided herein. Each partner's capital contribution to, or capital withdrawal from, the partnership, shall be credited, or debited, respectively, to that partner's capital account.
9. **Management.** Each partner shall participate in the management and conduct of the affairs of the partnership. Except as otherwise determined, the partners shall make all decisions.
10. **Sharing of Profits and Losses.** Net profits and losses of the partnership shall inure to, and be borne by all partners in proportion to the value of each of their capital accounts.
11. **Books of Accounts.** Books of account of the transactions of the partnership shall be kept and at all times be available and open to inspection and examination by any partner.
12. **Annual Accounting.** Each calendar year, a full and complete account of the condition of the partnership shall be made to the partners.

13. **Bank Account.** The partners may select a bank or banks for the purpose of opening bank accounts or to conduct such business as is necessary to carry on the purpose of the partnership as is stated in paragraph 4. Funds in the accounts may be withdrawn, by checks signed by any of the financial partners or by any partner as designated by the partners.
14. **Broker Account.** None of the partners of this partnership shall be the club's broker, or work for the club's brokerage firm. However, the partners may select a broker and enter into such agreements with the broker as required for the purchase or sale of securities. Securities owned by the partnership shall be held in the partnership name unless another name shall be designated by the partnership. Any corporation or transfer agent called upon to transfer any securities to or from the name of the partnership shall be entitled to rely on instructions or assignments signed by any partner without inquiry as to the authority of the person(s) signing such instructions or assignments, or as to the validity of any transfer to or from the name of the partnership. At the time of a transfer of securities, the corporation or transfer agent is entitled to assume (1) that the partnership is still in existence, and (2) that this Agreement is in full force and effect and has not been amended unless the corporation or transfer agent has received written notice to the contrary.
15. **No Compensation.** No partner shall be compensated for services rendered to the partnership except reimbursement for expenses.
16. **Partners.** Partners are full voting partners of the club, and are bound by all club documents.
17. **Additional Partners.** Additional partners may be admitted with the unanimous vote of the partners, so long as the number of partners does not exceed twenty-five. Prospective partners are required to attend and participate in three of four consecutive meetings, provide a written request to join the partnership, pay a minimum of \$125 for initial contribution and first month's investment, present a stock report, and sign the partnership agreement and by-laws.
18. **Removal of a Partner.** Any partner may be removed by agreement of a two-thirds (2/3) majority of the partners. Written notice of a meeting where removal of a partner is to be considered shall include a specific reference to this matter. The removal shall become effective upon payment of the value of the removed partner's capital account, which shall be in accordance with the provisions for full withdrawal of a partner noted in paragraph 21.
19. **Authority to Act.** The partners, by 2/3 consent, may at their discretion, grant to, or remove from any partners, the authority to act and participate in the management and affairs of the partnership.
20. **Termination of Partnership.** The partnership shall terminate upon a 2/3 vote of all partners. Written notice of the decision to terminate the partnership shall be given to all the partners. Payment shall then be made of all the liabilities of the partnership and a final distribution of the remaining assets, either in cash or in kind, shall promptly be made to the partners or their personal representatives in proportion to each partner's capital account.
21. **Withdrawal (Partial or Full) of a Partner.** Any partner may withdraw a part or all of the value of their capital account in the partnership and the partnership shall continue as a taxable entity. The partner withdrawing a portion or all of the value of their capital account shall give notice of such intention in writing to the Secretary or Treasurer. Written notice will be deemed received as of the last business day of the month in which it is presented. In the case of termination, notice shall be deemed as the date of removal from the club. The value of the partner's capital account as set forth in the valuation statement prepared for the month the withdrawal notice is received will be used to determine the value of the partner's capital account. Withdrawal fees shall be determined by the partnership.
22. **Death, Incapacity, or Termination of a Partner.** In the event of the death, incapacity or termination of a partner, receipt of notice of such an event shall be treated as notice of full withdrawal. In the case of death, the partner's capital account shall be paid to their estate.

23. **Terms of Payment.** In the case of a partial or full withdrawal, payment must be made with cash, check, or securities from the partnership. In the case of a partial withdrawal by the partner, payment may be made within 90 days of the last day of the month the written notice was received. In the case of a full withdrawal by the partner payment may be made within 120 days of the last day of the month the written notice was received.
24. **Forbidden Acts.** No partner or partner shall:
- a) Have the right or authority to bind or obligate the partnership to any extent whatsoever with regard to any matter outside the scope of the partnership purpose.
  - b) Assign, transfer, pledge, mortgage or sell all or part of their interest in the partnership to any other partner or other person whomsoever, or enter into any agreement as the result of which any person or persons not a partner shall become vested with the partner in the partnership.
  - c) Purchase an investment for the partnership where less than the full purchase price is paid for it.
  - d) Use the partnership name, credit or property for other than partnership purpose.
  - e) Do any act detrimental to the interests of the partnership or which would make it impossible to carry out the purpose of the partnership.
  - f) Failure to adhere to tax laws regarding the partnership. If violated, fees if assed to the club will be collected from the violating partner.
25. **Risks Inherent to Investing.** It is understood that any investment involves a certain element of risk. By signing this agreement, you are stating that you understand and accept these risks and agree not to hold the partnership or any of the partners liable for any losses that can or may occur.
26. **Buying and Selling.** Purchases on margin and short sales are prohibited.
27. **Amendments to the Partnership Agreement.** Should the partners decide this agreement needs to be changed or updated, a 2/3 vote is needed to ratify the changes.

This Agreement of General Partnership is hereby declared and shall be binding upon the respective heirs, executors, trustees, administrators and personal representatives of the parties. The parties have caused this Agreement of General Partnership to be executed on the dates indicated below, effective on the date indicated above.

---

Signature	Print Name	Date
-----------	------------	------

---

Signature	Print Name	Date
-----------	------------	------

---

Signature	Print Name	Date
-----------	------------	------

---

Signature	Print Name	Date
-----------	------------	------

---

Signature	Print Name	Date
-----------	------------	------

---

Signature	Print Name	Date
-----------	------------	------

---

Signature	Print Name	Date
-----------	------------	------

---

Signature	Print Name	Date
-----------	------------	------

---

Signature	Print Name	Date
-----------	------------	------

---

Signature	Print Name	Date
-----------	------------	------

---

Signature	Print Name	Date
-----------	------------	------

---

Signature	Print Name	Date
-----------	------------	------

---

Signature	Print Name	Date
-----------	------------	------

---

Signature	Print Name	Date
-----------	------------	------





## By-Laws

### Partners

1. Each partner is required to maintain an Internet accessible e-mail account. This account should be reviewed daily if possible. It is the intention of the club to distribute documents, and conduct quick reaction business via e-mail.
2. Each partner is required to attend monthly meetings. The secretary will notify partners of their attendance status after each absence, within 7 days of the meeting. After the fourth missed meeting within a term (January through December), the secretary will issue a letter stating the partner is in violation of the club by-laws. At the fifth occurrence, the club reserves the right to vote the absent partner out of the club.
3. Each partner is required to pay the annual fee during the January meeting. Each partner is required to pay the monthly contribution by the date of the monthly meeting. Late and missing payments may be assessed a \$5 weekly charge until payment is received.
4. Each partner may be assigned at least one stock to study and/or track. Each quarter the partner is required to present the metrics data for this stock collected from an appropriate source within the last 10 working days. All partners will participate in stock teams. Each team is responsible for reporting on at least one new stock during their assigned month. Metrics include: Stock Selection Guide (SSG) & Report, PERT & Worksheets A & B, other metrics that may be included are: Challenge Tree, Stock Comparison Guide, Stock Checklist, and PMG analyses. Reports not turned in at the assigned meeting are considered late. Late or missing reports may be assessed a \$2 fee if received within a week after the meeting otherwise an additional \$8 fee will be assessed. When a team is involved, each partner is assessed the \$2 and \$8 fee. It is preferred that the studies are provided to the portfolio manager one week before each meeting.
5. Each partner is required to make a presentation at least once a term. The presentation can be based on a Better Investing sponsored class or approved articles & topics. Failure results in a \$20 non-participation fee.
6. Each partner will run for office at least once every 3 terms. Any partner who does not hold an elected position for more than three consecutive years will pay a fee of \$10 x number of years for not holding an office annually.
7. Each partner is required to participate in voting. Should a partner not be able to attend a meeting, they are required to give their input or proxy either in writing, e-mail or by fax to a partner of the club prior to the meeting. Missing proxies will be assessed a \$4 fee.
8. Each partner is required to sign or provide a power of attorney for signing the partnership agreement, and by-laws each term, and when joining the club. The brokerage forms will be signed when the partner acting as treasurer changes.
9. Actions items listed in the club minutes and club assignments are due on their specified date. Failure to submit action items may result in a \$2 per item late fee. An additional \$8 fee will be assessed if not turned within the week after the meeting.
10. A partner is believed to be in good standing when they meet the following criteria.
  - i. No Outstanding Fees (**fees incurred at the meeting are paid within 7 days of the meeting**)
  - ii. Active – Not frozen, or locked

Any club partner failing to meet the above stated criteria or conditions written in the partnership agreement; by-laws or mission statement could be considered in violation of the club and are subject to penalties and removal. Notice of fees will be available to each partner within 7 days of the meeting.

### Suspended Accounts

- i. **Frozen:** Upon written request, at least one week prior to the monthly meeting, a club partner in good standing may ask to freeze their account for up to 6 months. Reasons may include, but are not limited to pregnancy or maternity leave, long-term absence from a computer, long-term hospitalization or disability. If approved by 2/3 vote of the club, the requesting partner's capital account will be frozen. A proxy or power of attorney must be submitted covering the frozen period. Contributions, withdrawals, attendance, and all other club activities, and responsibilities will not occur for this partner. The number of value units will remain the same except for club distributions. The value of the capital account may fluctuate depending on the clubs portfolio, tax liabilities, capital gains, dividends and accounting corrections. **No partner regardless of their present status is excused from complying with tax laws.** The frozen partner shall notify the club in writing when they wish to

reactivate their account. If at the end of the suspended time the partner is not approved for an extension, and does not return to active status, the club may remove the partner. All withdrawal fees apply. Frozen partners will have 30 days to accept changes to the club documents. If the frozen partner does not accept changes their account may be closed.

- ii. **Locked Accounts:** When a partner's outstanding fees reach \$50, their account is locked. A locked account cannot be used for contributions or withdrawals. The partner has 3 months to pay the fees and return to active status, or formally terminate partnership with the club. If fees are not received, or the partner does not terminate, within 3 months, the account will be closed, and the partner removed from the club. The secretary will notify partners when their account locks, and send monthly reminders until payment or termination forms are received, or partner is removed.

### Meetings

Monthly meetings will be held the 2nd Tuesday of each month or as determined by the partners. Notice of each meeting will be given to each partner at least one week before the meeting. The president upon notice to the other partners may call special meetings. Partners arriving late can be assessed a \$4 tardy fee.

### Voting

Occasionally the partners will deem it necessary for the club to vote on specific issues. When this occurs, each partner is entitled to one vote. To pass an issue, two-thirds of the votes are required.

### Funds & Fees

The initial and annual fee will cover the costs of Better Investing club and individual memberships, Better Investing classes, club operating costs, and other club expenses. These fees shall be kept in the club's bank account and are non-refundable. Fees are not deposited into capital accounts. The funds in the petty cash account pays for food, club sponsored events, & non tax-deductible business expenses.

- i. The effective date of all deposits is the first day of the month in which the deposit(s) are made.
- ii. The effective date of withdrawals is the next to last day of the month in which the withdrawal is requested. The valuation of the withdrawal is dependent upon when it was sent in relation to the meeting. If you withdrew before the meeting, fees assessed, if any, from the prior month will apply. If you withdraw at the meeting, then all contributions, fees for the current month will apply. Only one withdrawal will be processed per day. If more than one withdrawal is received in the same month they will be processed in the order received. If received at the same time the treasurer will decide the processing order.
- iii. All interest, earnings, and losses will be distributed on a per dollar basis.
- iv. Fees may be waived upon written request and approval of two-thirds of the active partners.

#### Early Withdraw Fees

10%	0 - 2 yrs, regardless of age	Plus cost of sale
5%	3 - 5 yrs in the club	Plus cost of sale
3%	6 - 10 yrs in the club	Plus cost of sale
2%	11 - 15 yrs in the club	Plus cost of sale
1%	16 - 20 yrs in the club	Plus cost of sale
0%	21 - 25 yrs in the club	Cost of sale
0%	26+ yrs or 59 yrs old	No penalty
10%	Involuntary Removal Penalty	

#### Penalties & Fees

\$30	Returned Check
\$5	Weekly Late Payment
\$2	Late SSG/PERT and \$8 No SSG/PERT
\$2	Late and \$8 No Assignment
\$4	No Proxy or Tardy Attendance
\$20	Missed Yearly Report
\$10	per year for no office held > 3 years
\$4	Weekly Officer Assignment

#### Annual Expenses

\$40	Better Investing yearly membership
\$25 ea.	Individual Better Investing membership
\$215	Better Investing Insurance Bond
\$99	Bivio Online Accounting
\$35	GenXchange.com Hosting
\$550	Online Stock Research Service
\$200	Better Investing Classes / Study Course
\$200	Picnic and Banquet

#### Occasional Expenses

\$10	Each Trade w/ Ameritrade
\$99	SSG Toolkit Software (Win)
\$15	DBA, state filing (10 years)
TBD	Better Investing Tools & Books
TBD	Office Supplies
\$100	Activities, Contests and Awards
TBD	Guest Speakers
\$4	Club Assessment

## Incentives

1. **New Partner:** \$10 will be added to the capital account of the partner who recommends an approved new partner. The new partner must be in good standing their first three months and an award request must be received by the partner within six months of the new partners' approval.
2. **New Stock:** \$10 will be added to the capital account of the partner who recommends a stock that is purchased by the club. This applies to the first time purchase only. The award amount can be split between teammates.
3. **Education:** GenXchange will reimburse partners in good standing for classes attended, provided a report, receipt and request is presented to the club within two months and funds are available. Classes over \$10 require pre-approval of the club.
4. **Assignments:** A partner who complete missing SSGs will receive \$8 if completed a week before the meeting following the original due date. A partner completing missing assignments or officer duty will receive \$4 if completed a week before the meeting following the original due date.
5. **Stars Program:** The stars are worth \$2 each and are placed into the partner's capital account at the end of the year.
  - i. **Stars** are given to partners who participate in club verification, partners with quarterly perfect attendance, payments, or assigned stock reports. Perfect attendance means on time attendance to each meeting, and perfect assigned stock reports are turned in completed (SSG, PERT, in buy zone (new stocks), etc.) and/or one week prior to the meeting. An additional star is given for each article/class report over the minimum requirement (limit 4). Non-assigned stock reports get 1 star each pending approval (limit 4). When a new partner is accepted in to the club, the mentor will receive 1 star. Teams may give one star quarterly to the partner with excellent participation.

## Payments

All club payments should be by check made out to TD Ameritrade. If a partner will not be able to make payment at the meeting, they may ask the treasurer to use a check from the extra check binder. Partners may place checks made out to TD Ameritrade in the binder to use in order to avoid the late payment penalty. Only full payments will be accepted.

## Valuation Statements

A current statement will be available on each meeting day. The valuation is set for the last day of each month. Statements will be a partner's receipt of deposits and withdrawals and a record of their account. Partners will have 30 days after the statement date to report any perceived discrepancies to the treasurer and president. The decision made by the treasurer and president as to the discrepancy is final. A partner may request a statement at any time. Earnings will be reflected on the statement of the month in which they are received.

## Guests

The president or vice president must approve guests invited by partners other than prospective new partners. Professional speakers may be invited to the club to aid in the education of its partners.

## Officers

The term of each office is 1 year, January through December. Elections shall be held in November of each year. A partner may hold the same office any number of full terms as long as the full terms are not consecutive for more than 2 years. A partner may hold more than 1 office during the term. Once elections are held, all partners must re-sign this document. Each officer is responsible for maintaining an officer binder. This binder will contain all documents, and procedures required to perform the duties of that office. The binder will be transferred to each newly elected officer. Each officer is also required to attend officer meetings organized by the president. Should an officer be removed from office, an immediate election will be held to fill the vacant position. Officers act as the backup for all club duties and assignments. If an assigned duty is not completed within a month after the due date, the officer in charge will complete the assignment and receive 1 star for action items and 2 stars for stock studies. Failure to complete officer duties can result in a weekly \$4 late fee.

**President**

The president shall preside at any meetings of the partnership keeping them on track and timely. Monthly agendas are due on the first of each month. Late agendas will be assessed a \$4 fee for the first occurrence then double each additional late agenda's for the term (i.e., \$4, \$8, \$16, etc.). The president will ensure that all club & officer actions and goals are completed or reassigned. The president will schedule officer meetings and attend the annual Better Investing president's meeting. The president in coordination with the treasurer shall also have the final vote with all account disputes. The president shall keep a backup of all club passwords. It is the president's duty to uphold the partnership agreement, by-laws, and mission statement documents, and assign the yearly club verification and ensure DBA is up-to-date and filed with County Clerk. The president elect must have been a member for 1 full term prior to taking office.

**Public Relations (Optional)**

The public relations officer shall secure meeting venues, and arrange special club events, activities, contests and outings. The PR officer shall prepare & maintain new partner kits, and develop partner recruitment and retention programs. The PR officer organizes guest and new partner orientation and acts as a liaison with other area clubs.

**Vice President**

The vice president shall perform any and all duties of the president in his/her absence or inability to act. The vice president shall inform partners of Better Investing seminars, and conduct the education of club partners. The vice-president will invite guest speakers to enhance partner knowledge and participation. The vice-president will supply a 12-month educational outline in December of each term. The vice president will hold at least 3 educational meetings during the normal club time and maintain a library of education materials. The vice president shall also perform such additional duties as may be assigned to him/her by the partnership.

**Secretary**

The secretary is responsible for keeping a record of all votes taken as well as minutes of any meetings that are held. The secretary is also responsible for the club partnership files including club contact binder and/or manual, forms, and signed documents. The secretary will notify the partners of all club activities in advance of their start date. Produce and distribute quarterly partnership status reports. Send violations letters within 1 week of meeting. The secretary shall track stars. The secretary shall add new members to applicable software and/or applications (i.e. Bivio, Better Investing Roster, yahoo, etc.). The club records, education, activities, and other investment links will be maintained on a website administered by the appointed web master. The secretary shall manage files storage including backup, deleting, uploading files. The secretary elect must have been a member for 1 full term prior to taking office.

**Assistant Secretary (Optional)**

The assistant secretary shall perform any and all duties of the secretary in his/her absence or inability to act. The assistant secretary will aide the secretary with preparing the minutes, and other club paperwork and forms.

**Treasurer**

The treasurer shall keep accounts of all funds received and disbursed by the club, including but not limited to, individual accounts, and statements, and shall deposit all funds in the name of and to the credit of the club in such banks or depositories. The account records should be updated within 7 days of each transaction. Partner contributions and club purchases should be made within 7 days of the meeting. The treasurer will act as liaison to the broker. The treasurer shall present club status reports detailing the club portfolio at each meeting. Quarterly the brokerage statements shall be made available for review by the club. The club tax return and partner's K-1s will be made available by the 15<sup>th</sup> of February of each term. The tax return will be mailed with return receipt. The treasurer will attend the Treasurer's Workshop unless the current treasurer already took the class. When new versions and account methods are deployed, all current treasurers should retake the class. The treasurer shall assist with the annual club audit. The treasurer shall track fees. The treasurer elect must have been a member for 1 full term prior to taking office.

**Assistant Treasurer (Optional)**

The assistant treasurer shall perform any and all duties of the treasurer in his/her absence or inability to act. The assistant treasurer shall aid the treasurer with tax preparation, brokerage account management, and record keeping. The assistant treasurer shall also review the brokerage statement.

**Portfolio Manager**

The portfolio manager shall keep a record of the club portfolio. The portfolio manager shall assign reports on industry trends, and lead discussions concerning the diversification of the club portfolio. A 12-month portfolio review schedule is due at the December meeting of each term. The portfolio manager shall assign stocks to be studied and prepared to the club partners. All assignments will be made within one week of the meeting, and are due one week before the meeting. The portfolio manager will provide PERT, PMG, and Cost Basis reports at each meeting. The portfolio manager will provide PERT, PMG, and Cost Basis reports at each meeting. The portfolio manager is responsible for providing the Valueline reports by the first of each month. Late posting of the Valueline reports will be assessed a \$4 fee for the first occurrence then double each additional late posting of the Valueline report for the term (i.e., \$4, \$8, \$16, etc.).

**By-Law Amendments**

The by-laws may be amended by a 2/3 vote by partners in the club. Amendments to the by-laws require a written submission one month to the members for discussion, and then voted on the next month. The requirements of a written submission can be waived if all members are present and unanimously vote to waive the in writing/one month wait requirements.

The undersigned agree to follow and uphold the BY-LAWS, PARTNERSHIP AGREEMENT and MISSION STATEMENT & MANAGEMENT STRATEGIES of GenXchange Investment Club. Each partner is responsible for the information contained within the above stated legally binding documents.

_____ President	_____ Date	_____ Vice President	_____ Date
_____ Secretary	_____ Date	_____ Assistant Secretary	_____ Date
_____ Treasurer	_____ Date	_____ Assistant Treasurer	_____ Date
_____ Portfolio Manager	_____ Date	_____ Public Relations	_____ Date
_____ Partner	_____ Date	_____ Partner	_____ Date
_____ Partner	_____ Date	_____ Partner	_____ Date
_____ Partner	_____ Date	_____ Partner	_____ Date
_____ Partner	_____ Date	_____ Partner	_____ Date



## Prospective Member and New Member Reading List

### Months as a guest

---

<u>Better Investing Stock Selection Handbook</u> by Bonnie Biafore			
Graduating to the Stock Selection Guide	Chapter 7		pp. 60-69
 <u>Starting and Running a Profitable Investment Club</u> by Thomas O’Hara & Kenneth Janke, Sr.			
Learning and Earning with an Investment Club	Introduction		pp. 3-10
A Proven Investment Philosophy	Chapter 1		pp. 13-25

### Month 1

---

<u>Better Investing Stock Selection Handbook</u> by Bonnie Biafore			
SSG Section 1 – A Picture of Past Growth	Chapter 8		pp. 70-75
SSG Section 1 – Trend Spotting	Chapter 9		pp. 76-83
SSG Section 1 – Forecasting Growth	Chapter 10		pp. 84-91

### Month 2

---

<u>Better Investing Stock Selection Handbook</u> by Bonnie Biafore			
SSG Section 2 – Evaluating Management	Chapter 11		pp. 92-99
 <u>Take Stock, Revised Edition</u> by Ellis Traub			
Understanding Growth	Chapter 5		pp. 71-79

### Month 3

---

<u>Better Investing Stock Selection Handbook</u> by Bonnie Biafore			
SSG Section 3 – A History of Price and Earnings	Chapter 12		pp. 100-105
 <u>Starting and Running a Profitable Investment Club</u> by Thomas O’Hara & Kenneth Janke, Sr.			
Annual Reports: The Income Statement (Optional)	Chapter 3		pp. 31-38
Analyzing the Balance Sheet (Optional)	Chapter 4		pp. 39-44
Annual Reports: The Income Statement (Optional)	Chapter 5		pp. 45-50
 <u>Take Stock, Revised Edition</u> by Ellis Traub			
Learning the Language	Chapter 4		pp. 47-70



## Prospective Member and New Member Reading List

### Month 4

---

#### Better Investing Stock Selection Handbook by Bonnie Biafore

SSG Section 4 – Risk and Reward

Chapter 13 pp. 106-113

The Art of Selling

Chapter 20 pp. 152-157

#### Take Stock, Revised Edition by Ellis Traub

Evaluating the Price (Optional)

Chapter 10 pp. 153-183

### Month 5

---

#### Better Investing Stock Selection Handbook by Bonnie Biafore

SSG Section 5 – Five-Year Potential

Chapter 14 pp. 114-117

#### Starting and Running a Profitable Investment Club by Thomas O’Hara & Kenneth Janke, Sr.

Finding Companies to Study

Chapter 2 pp. 27-30

#### Take Stock, Revised Edition by Ellis Traub

Prospecting for Good Candidates

Chapter 6 pp. 81-103

### Month 6

---

#### Starting and Running a Profitable Investment Club by Thomas O’Hara & Kenneth Janke, Sr.

Portfolio Evaluation Review Technique

Chapter 13 pp. 131-142

### Glossary

---

#### Starting and Running a Profitable Investment Club by Thomas O’Hara & Kenneth Janke, Sr.

The NAIC Tools for Smart Investing

Chapter 6 pp. 51-54



## Notes





## Notes



## Notes



## Notes



## **Reading Material**

Inside the back cover is the reading material for prospective members. The reading materials come from two books that are available in the GenXchange Library for checkout. For members, library checkouts are free. The two books may be checked out by prospective members with a cash deposit equal to the replacement cost of the book(s), about \$25 each.