



MAY 2011 eNEWSLETTER

From the editor...

We had a good turnout for the Spring EduFest on April 30th. It was a great opportunity to learn, ask questions, and interact with like-minded investors.

You'll not want to miss the Fall EduFest and Annual Meeting coming up September 24th. We are assembling a great program. Popular BI speaker and BI Volunteer Advisory board member Gretchen Hurt will be our guest speaker.
- John Rogers

COMING EVENTS

>**StockTalk:** May 7th featuring analysis of Apple Computer (AAPL).

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EDUFEST HIGHLIGHTS

The theme for the Spring EduFest was ***“Shaping Up Your Portfolio”*** and was the first in a series of EduFests centered around retirement issues.

Spring EduFest Program:

- “Basic Estate Planning” – [Philip Keenan](#), Ambler & Keenan, LLC
- “How the Pros Decide to Sell a Stock” – Doug Gerlach
- “Dividend Matters” – John Rogers
- “Energy Sector Study and Cyclical Stocks” – Joan Loken
- “Go Offense! Go Defense! Portfolio Management with ToolKit 6” – Doug Gerlach

Joan Loken showed how [cyclical stocks](#) such as energy and consumer

durables like the auto industry are represented on the SSG almost the exact opposite from standard growth stocks like [Apple Computer \(AAPL\)](#). Cyclical can be growth stocks but their growth comes in spurts tied to economic cycles. Since cyclical earnings swing back and forth with the economy, they don't fit the “up straight and parallel” mantra for typical growth stocks, but they should show an upward, long term trend. Cyclical earnings often change faster than price and that means that the PE ratio may be high when these stocks are ripe for buying while a low PE may signal a sell. They are often best bought in the earliest stages of a recovery and sold when the economy goes south. Cyclical can be good investments, but one must be aware of the differences and how to properly interpret the SSG.

John Rogers discussed the advantages of building a dividend centered portfolio over time so that upon retirement one can enjoy a nice income while preserving capital. It is very true that “dollar cost averaging” works to the advantage of investors building their portfolio, but such a strategy works against one when selling stock for income in retirement. He compared the performance of a 20 Year Treasury bond to a very basic, highly diversified portfolio over a ten year period from January, 2001 to December, 2010. The simple, very basic, low risk portfolio of only seven stocks outperformed the “safe” Treasury by a wide margin.

Guest speaker Doug Gerlach, [ICLUBcentral](#), reviewed the various powers of [ToolKit 6](#) with an emphasis on ease of SSG preparation and portfolio monitoring and management. He discussed the selling strategy practiced at the [Investment Advisory Service Newsletter](#) for which he is editor-in-chief. The IAS Newsletter was recently named to the Hulbert Financial Digest. [Honor Roll](#) as one of only six so cited out of the 150 newsletters rated by the Digest. The IAS closely follows the techniques taught by Better Investing. Doug illustrated the selling strategy with a number of actual examples. Following his discussion on selling strategies, he showed how ToolKit's Defense and Offense portfolio management reports are used to track performance and help you keep your portfolio in shape. The Defense report helps one to get rid of poor performers that undermine your portfolio returns and replace them with better investments. Just as important as Defense, is an aggressive Offense where one eliminates overpriced holdings with little upside left and replace with equally good companies currently available at a more attractive price and with better upside price potential.

Phil Keenan, a Denver estate planner, covered those topics of which we must all be cognizant in protecting our assets from excessive taxation and wealth preservation for our heirs upon our deaths. He discussed wills and trusts in some detail. Since estate planning is a very personal thing, there is no "one size fits all" solution. For effective estate planning that avoids all the myriad pitfalls, one must sit down with a qualified advisor and work together to put together a plan that is

sound and fair. Phil is a partner in the firm of [Ambler and Keenan](#).

TALES FROM THE BRIGHT SIDE

[StockTalk](#) will examine [Apple Computer \(AAPL\)](#) as the stock to study on May 7th at the [Koelbel Library](#) from 9:30am to 11:00am. Apple is a strong growth company that is changing the world as we know it. If you've not [taken a look at Apple](#) lately, this is a great opportunity to work with others to dig into this stock, find out what makes it tick, and see if it is a good buy at current prices. How significant is Steve Jobs' health? Can "second in command" [Tim Cook](#) run the company well should Jobs be unable to resume the helm? Apple has grown so rapidly, is there any room for growth left? Join us at the Koelbel Library on May 7th as we try to answer these key questions.

PS: Sorry, but you must register ahead of time. The library will not let us take money from late-comers at the

door. 

