



CELEBRATING 50 YEARS OF SERVICE: 1962 - 2012
2012-13 ANNUAL LETTER

ANNIVERSARY RECOGNITION

Is your club celebrating its 5, 10, 15, 20, anniversary in 2012? Then we have certificates for your club. If someone from your club will be in attendance at the Fall Investors Forum, we would like to recognize your club. After the meeting, the rest of the certificates will be mailed.

COMING EVENTS

September 2012 – August 2013

- > **Introduction to Investing**, 9am – noon, Sept 8 & Jan 12, Christ Church United Methodist
- > **Stock Selection Guide - Learning the Basics**, 9am – 3:30pm, Sept 22 & Feb 2, Christ Church United Methodist
- > **Fall Investor Forum**, 9am – 4pm, Oct 6, Colorado Christian University
- > **Toolkit Mechanics: Navigating Toolkit**, 9:00 – noon, Oct 20 & Feb 23, Colorado Christian University
- > **Applied Toolkit Lab**, 1 - 3pm, Oct 20 & Feb 23, Colorado Christian University
- > **Supercharge Your SSG with Sound Judgment**, 9am – 12:30pm Nov 3 & Mar 23, Christ Church United Methodist,
- > **Advanced Toolkit: Reports, Portfolios, Libraries** 9am -noon, Nov 17 & Mar 9, Colorado Christian University
- > **Research Resources on the Internet** 1 – 3pm, Nov 17, Colorado Christian University
- > **Portfolio Management** 9am – Noon, Apr 6, Christ Church United Methodist
- > **Spring Investors' Forum**, 8:30am – 4pm, Apr 20, Colorado Christian University

“In times like these, it helps to recall that there have always been times like these.” - Paul Harvey

PRESIDENT’S ANNUAL LETTER

Welcome to our members in New Mexico, Utah and Wyoming. The Rocky Mountain Chapter recently adopted these states to offer support to BI members who no longer had a regional chapter to support investors. With new technologies we can visit your clubs on line and do a short educational program for you. If you are an individual investor wanting questions answered, we can also help you. Likewise we have members in Colorado outside the Denver metro area we are offering the same services to you. Here are some ways we can provide support:

Find-a-Club. Is your club looking for new members? If someone moves into your area how can they find your club? Complete the Find-a-Club application forms found on the RMChapter.org website and send it to R.Futch@rmchapter.org.

Monthly Email Newsletter. John Rogers writes an excellent monthly newsletter on investing, investing tips and what’s happening in the market. If you want to be included, make sure your email is updated on the BI website. One-third of the members outside of Colorado do not have email addresses. If you don’t want to miss out, update your email address on the BI website. Look for directions on how to update in this newsletter.

Request a club visit. Send your email request to J.Nelson@rmchapter.org. Let Jane know what kind of help your

club would like or if you would like a short educational program. Jane will have a director assigned to assist you.

Future Plans. The chapter is exploring a model club program. This would be online and open to all members. Look for updates in the email newsletter.

Educational Programs. The chapter is looking to record classes on Judgment and Portfolio Management. The plan is make these programs available to members who can't attend in person. We are especially honored to have John Tufts and Shanna Rendon on our team. John T. and Shanna have the technical skills to help make this happen. In the meanwhile, the Puget Sound chapter will be offering their classes this fall and winter. We will send you invites as we get them. If you haven't attended a class in a while, it is good to update your investing skills. We are refining and improving the classes all the time. Our goal is to help you become successful investors.

The chapter is looking forward to servicing your needs as investors. Let us know how we can help you or your club. Send me an email to me at J.Loken@rmchapter.org.

Yours for Better Investing,
Joan Loken, president

FALL INVESTORS' FORUM, OCT. 6TH

The Fall Investors' Forum will be held at Colorado Christian University. The theme is: "*Improving Your Portfolio Returns*" featuring **Ken Kavula**, who will provide attendees with an entertaining, informative day of stock talk!

Ken is a nationally-known instructor who regularly speaks at BetterInvesting events throughout the country. With more than 30 years of professional education background,

Ken delivers a complete program of thoughtful and insightful topics focused on investing. Ken is currently the President of the Mid-Michigan Chapter of BetterInvesting. He belongs to four investment clubs and has just finished his third term as Chairman of the BetterInvesting Volunteer Advisory Board.

Ken will be discussing portfolio management and offering ways to easily decide when it might be time to consider a stock for sale. He'll take time to discuss setting goals and keeping track of those goals as you build and manage a stock portfolio. Ken believes in the BetterInvesting principle of diversification by size and he will be offering tips for keeping your portfolio balanced between smaller, faster-growing stocks and larger, more slowly-growing equities. In a related thread, Ken will share many of his techniques for discovering smaller stocks. As part of this discussion, he will demonstrate his use of a few basic screeners and share lists of stocks which currently pass his criteria. Ken believes strongly that folks should leave a BetterInvesting event with stock ideas for further study and he will make sure that you end the day with a robust list! He also firmly believes that an investor should never study a stock in isolation. He'll tell you some of the ways his clubs study industries and peer groups and he'll share some of his research techniques with the group. He'll also share tips and documents to help you make a better stock presentation to your club, become a more efficient stock watcher and conduct a comprehensive industry study. Ken will wrap up the presentation with an analysis of two or three actual portfolios from clubs in the Rocky Mountain Chapter. The day promises to

be packed with thoughtful information that you can immediately put to use. Knowing Ken, you'll have a good time as well!



Ken Kavula lives near Flint, Michigan, with his wife of 42 years, Natalie. He also lives near his four grandchildren and spends many hours with them and their parents. Ken and Natalie are both active directors for the Mid-Michigan Chapter. He is an avid reader and loves to travel. He's passionate about the theater and he and Natalie try to attend as often as they can. As you can tell, Ken keeps busy in his retirement from more than 30 years as a secondary school teacher and principal.

Ken is currently serving as President of his chapter and has served in nearly every role in the chapter as well. He helped create and then served as the chair of four BetterInvesting Regional Conferences conducted by a coalition of chapters from Michigan, Indiana and Ohio. He also still finds time to visit once or twice a month with the clubs in his area.

In addition, Ken has been very active on the national BetterInvesting scene, chairing two national conventions, serving as Chairman of the BetterInvesting Volunteer Advisory Boards three times, and chairing the Commission on the Chapters. He served as the North Central Region Manager for six years and, more recently, has been speaking to chapters throughout the country.

Ken will review the portfolios of three clubs on a first come-first serve basis. So don't delay. Make sure your club has the invaluable benefit of being

reviewed by one of Better Investing's most respected analysts. Just follow the instructions below. Must be received by Sept. 1st. Act today!

Submit the following information:

- Club & Number of Members
- Date club was started
- Club contact and email
- Stock symbol and number of shares of each and every club holding

Send to:

Joan Loken
Po Box 370983
Denver, CO 80237

SPRING INVESTORS' FORUM

Our special guest speaker for the Spring



Investors' Forum next April 20th will be Ann Cuneaz. She is a popular speaker at BI events, an assistant regional director, and chairs the BI

Education Committee. Program details will be posted on our website closer to the actual event date.

VOLUNTEERS NEEDED

Would you like to be a representative for your area? The Rocky Mountain Chapter is looking for Associate Directors to represent each of the following areas: New Mexico, Utah, Wyoming, Colorado Northern Front Range and Colorado Southern Front Range. You would be the voice for your region.

Expectations would be to attend the monthly Board Meeting online. No travel is required. All you need is a computer with a headset. Benefits from BI are free data service and online tools. Chapter benefits include free attendance to RMC classes or free access to recorded classes when

available. The biggest benefit is networking with other directors and enhancing your own investing skills. Become a Better Investor by becoming a volunteer.

Contact Julie:
J.Midyett@rmchapter.org

UPDATE YOUR PROFILE

E-Mail is the primary method we use to keep you informed and updated as a BetterInvesting member. We encourage you to provide or update your e-mail address to stay connected with the BetterInvesting community. If you are not receiving email communications and would like to be informed, then follow these steps:

1. Go to BetterInvesting.org
2. Click on Member Login
 - a. If you have never Logged In, use your member number on the front of the BI magazine and set up a password.
3. After you have logged, under the BI Logo is your name in the gray bar, Click on "Update Profile."
4. When the screen with your personal information shows up, change the necessary sections and save. Be sure to click on "Local News & Chapter Events" under "Email Subscription Information" Your information will be automatically updated in the system and you should soon start receiving communications.

"If you can't explain it simply, you don't understand it well enough." - Albert Einstein

JUDGMENT TIPS

1. If you want to make good projections, then go beyond the SSG for information. Use a minimum of 3 sources of info. Value Line's projections have

been found to be overly optimistic.

2. Look for trends when projecting sales and EPS.
3. Remember that it's difficult for a company to grow earnings faster than sales over a longer period of time. Estimate EPS growth no greater than sales growth.
4. Look for outside factors that might drive or limit future growth.
5. Compare your estimates to Analyst Consensus Estimates
 - a. If you are always higher, then you are too optimistic
 - b. If you are always a lot lower, then you are too pessimistic
 - c. Be cautious, some disruption will occur in any five year period
6. Remember that the size of a company will influence its rate of growth.
 - a. Mega Companies (>15 B in revenues) – 6% or less
 - b. Large Companies (5-15 B in revenues) – 7-10%
 - c. Mid-sized Companies (500 M to 5B in revenues) – 10-15%
 - d. Small Companies (less than 500 M in revenues) – 15%+
7. Looking at the trends ask yourself, "Do I think this company can maintain my estimated growth for the next five years?"
8. Be Conservative – it's Your Money.

OUTSIDE THE BOX

Article below by Josh Peters, CFA, Director of Equity-Income Strategy, Editor, Morningstar *DividendInvestor*, Morningstar, Inc.

Doing Our Part – The Week in Dividends 2012-08-10

<http://mdi.morningstar.com/BlogArticle.aspx?postid=3287475>

"This week I read that John Phelan, president and then chairman of the New York Stock Exchange during the 1980s,

passed away at the age of 81. Mr. Phelan is credited with the introduction of new technologies to the operations of the exchange, as well as preserving what was then the nation's preeminent financial institution during the 1987 crash--a crash caused, ironically, at least in part by those new technologies. But technology itself is neither good nor bad, and Mr. Phelan understood all too well what was really going on:

"The markets are not for individual professionals to make money in. They are really for corporations to raise capital so you can invest in this country and get a better standard of living," he said. "If we destroy the markets by too much volatility, too much professional trading, too much leverage, we ruin their credibility and we ruin the function for which they are supposed to exist."

How quaint ... and how correct. Twenty-five years later, the American public again doubts the credibility of the stock market. Wall Street is now perceived--with an uncomfortable level of accuracy--to be the exclusive property of those "individual professionals". Traders, now armed with computing power that even Mr. Phelan might have found hard to imagine when he ran the NYSE, now run the show. Do you think a trader, or his supercomputer operating on autopilot, is thinking about raising capital for corporations and improving the nation's standard of living?

Defenders of today's markets--whose interests, for the most part, are vested in the status quo--tell us that it shouldn't matter who or what is trading. They worship at the altar of abundant and anonymous liquidity, that no buyer or seller is better than any other. But when the "efficient frontier" is now putting your computer as physically close to the exchange's computer as possible, so you can shave a few thousandths of a second off your trade executions, how exactly does this advance the well-being of the country, or create any wealth beyond this year's bonus payment?

I harp on these things every so often because they matter--not just to us as individual investors, but to the wealth and health of our entire economy. The volatility introduced by Wall Street's ever-shortening time horizon may make money for the pros (at least until they need a bailout), but **in this zero-sum game, their gains come only at the expense of everyone else.** The increasing complexity of today's markets and financial products leads to crises--this is no longer a hypothetical point of view--**that misallocate capital and impairs the wealth of the nation.** The market, as an institution, does not necessarily take care of itself. It takes conscious effort to remember how, why and for whom the market should work. When the market fails to perform its most basic economic functions, even non-professional investors become afraid to make long-term commitments. Worse, publicly-traded companies become afraid of being punished for bad short-term results, which means their time horizons shorten as well. With record corporate profits and cash balances, why won't American corporations expand and hire? There are lots of reasons, I suppose, but one has to be the risk of blowing the next quarterly earnings report and getting hammered for missing Wall Street's often self-serving expectations." –

Disclosure: Josh Peters owns the following stocks in his personal portfolio: AEP, APU, CLX, CVX, GE, GIS, GPC, KMI, KMR, MMP, NGG, O, PAYX, PBCT, PEG, RDS.B, SE, SYY, VOD, WFC.

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