



CELEBRATING 50 YEARS OF SERVICE: 1962 - 2012
AUGUST 2012 e-NEWSLETTER

FACT: *A study of retired investors between 1999 and 2009 showed those who hired a stockbroker underperformed those managing their own money by 1.5% a year. "Fees accounted for only about half the gap," writes Jason Zweig of The Wall Street Journal*

COMING EVENTS

- > [Annual Meeting](#), 7pm, August 27, online via GoToWebinar
- > [Introduction to Investing](#), 9am – noon, Sept 8, Christ Church United Methodist
- > [Stock Selection Guide - Learning the Basics](#), 9am – noon, Sept 22, Christ Church United Methodist
- > [Fall Investor Forum](#), 8:30am – 4pm, Oct 6, Colorado Christian University
- > [Toolkit Mechanics: Navigating Toolkit](#), 9:00 – noon, Oct 20, Colorado Christian University
- > [Applied Toolkit Lab](#), 1 - 3pm, Oct 20, Colorado Christian University
- > [Supercharge Your SSG with Sound Judgment](#), 9am – 12:30pm Nov 3, Christ Church United Methodist,
- > [Advanced Toolkit: Reports, Portfolios, Libraries](#) 9am -noon, Nov 17, Colorado Christian University
- > **Research Resources on the Internet** 1 – 3pm, Nov 17, Colorado Christian University

ANNUAL MEETING

The Annual Meeting is the once-a-year opportunity to learn more about your Rocky Mountain Chapter and tell us how we can help you and your club. This is also an opportunity to review chapter finances, meet your volunteers, and elect members to the board of directors.

Our special guest speaker will be Carol Theine, Regional Director for the

Southwest and Northwest Regions, past president of the Puget Sound Chapter, active club partner, BI National Convention instructor.

Here is a summary of Carol's presentation: "PEG and Relative Value are two valuation ratios that may help prevent you from paying too much for a stock. If used too strictly you may miss out on some great opportunities. If used properly, the PEG can be a great guide to PE selection especially when the historical PEs fail to show a consistent pattern. Additionally, the PEGY ratio, the PEG ratios cousin, is shown to be particularly applicable to dividend payers."

Agenda:

- 7:00pm Welcome by chapter president Joan Loken
- 7:05pm "The PEG ratio and Relative Value" by Carol Theine
- 7:55pm Chapter Mission Statement and Goals for 2012-13 by Joan Loken
- 8:00pm Tour of the Chapter website by Ralph Futch
- 8:10pm Financial statement by Sharon Mahler
- 8:15pm Meet your directors
- 8:25pm Election of Board of Directors for 2012-13
- 8:30pm Open discussion of member needs and requests
- 8:40pm Close

FALL INVESTORS' FORUM

Ken Kavula is our special guest speaker at the Fall Investors' Forum, October 6th. He will review the portfolios of three clubs on a first come-first serve basis. So don't delay. Make sure you're

club has the invaluable benefit of being reviewed by one of Better Investing's most respected analysts and speakers. Just follow the instructions below. Must be received by Sept. 1st. Act today!

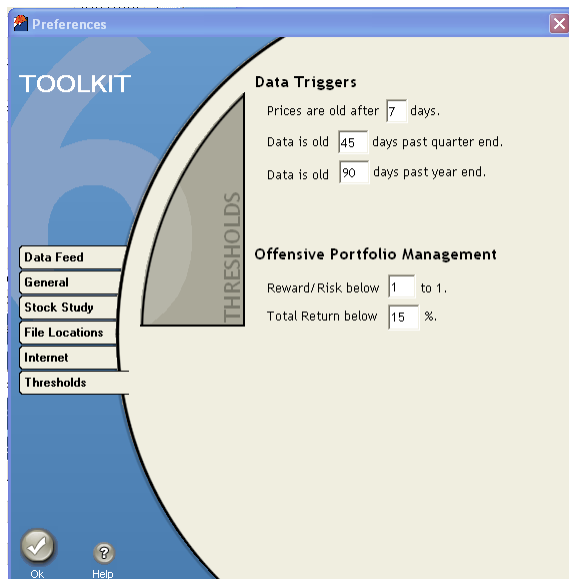
Submit the following information:

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

Send to: j.loken@RMChapter.org

TOOL TIPS

Thresholds for Data Triggers and Offensive Portfolio Management are set in Preference/Thresholds.



If you would like a different threshold for total return for a particular stock (say a large cap that you think should have a lower total return than the portfolio average) you can set a different return for that one stock. With the SSG for the stock open, click on the Data icon to bring up the Data dialog box. In the middle of the box, change the "% Target Return:" to the return that you want for that one stock. Changing the return in the Data box will not affect any other stocks. – Ralph Futch

YIELDS AND PAYOUT RATIOS

Dividend yield is calculated by dividing the current dividend by the current stock price. Earnings yield is calculated by dividing the current EPS by the current stock price. Earnings yield is the dividend yield should the company pay ALL of its earnings as dividends which would be most unwise. Instead, a company should payout a portion of its earnings as a dividend. Thus we get the dividend payout ratio which is equal to the dividend divided by the EPS.

Generally, a company pays its dividend out of its free cash flow (FCF) which is just cash flow from operations less capital outlays. The FCF yield is just FCF per share divided by the current stock price.

You want your dividend to be safe and dependable. If you require a FCF yield much greater than the dividend yield and a conservative payout ratio, you should be fine. Typically, you'd like the payout ratio to be less than 50% so the company can weather a temporary downturn in its business without having to cut its dividend. Utilities are generally given more leeway as their income tends to be very reliable, so we generally allow payout ratios for sound utilities to range as high as 80%.

WORDS OF WISDOM

"It's no secret that during recessionary times, dividend stocks can save a portfolio. Not only do they provide consistent payouts to shareholders, but their prices are also prone to be far less volatile because investors are still willing to pay a premium for the dividend yields." - Brian Stoffel, Motley Fool