

MAY 2012 e-NEWSLETTER

From the editor...

Your Rocky Mountain Chapter has expanded greatly. The old boundaries included Colorado and southern Wyoming. The new boundaries include the old areas plus all of Wyoming, New Mexico, and Utah.

We wish to welcome our new members and encourage participation in chapter classes and events. Because of the large area we now cover, we must learn to make better use of the internet. Our chapter has a license for popular internet conferencing software GoToMeeting(GTM). With GTM, our directors can perform portfolio reviews and club visits in spite of the great distances involved. While the far corners of the new chapter area may preclude travel, those distances are no obstacle when using GTM.

If you've participated in any of the Webinar events presented by BetterInvesting such as the monthly stocks to study or the new TickerTalk, then you already know nearly everything you need to use GTM. Our directors stand ready to give our membership support upon request and for those of you far from Denver we can now give full support using GTM. We are here to help so don't hesitate to ask.

- John Rogers

COMING EVENTS

- > **Intro to Investing: Sept 8**
- > **The Stock Selection Guide (SSG) - Learning the Basics: Sept 22**
- > **Fall Investors' Forum: Oct 6 at Colorado Christian University**
Popular, dynamic speaker **Ken Kavula** will be our special guest.

Ken is a retired educator who taught calculus and served as a high school principal for 21 years.



Ken is a long-time officer of the Mid-Michigan Chapter of BetterInvesting and the chairman of the Great Lakes Coalition, a group of six chapters that have organized the BI Regional Conferences (BIRC) held in the Great Lakes area since 2005. In addition he is the Region Manager for the North Central Region of BetterInvesting, a National Volunteer and Chairman of the 2008 BetterInvesting National Convention (BINC). Ken belongs to four investment clubs, the Wolves Investment Club, the BI Brighton Model Club, the Mid-Michigan Model Club and a family club. He lives near Flint Michigan with his wife Natalie, with 4 young grandchildren nearby.

> ToolKit Mechanics & Lab: Oct 20

- Navigating ToolKit: 9am to Noon
- Applied ToolKit Lab: 1pm to 3pm

> Portfolio Management: Nov 10

Visit your [chapter's website](#) for more information.

SPRING INVESTORS' FORUM

The Forum held April 28th was a great success according to participants. There was particular interest in John Dierk's presentation on investing for dividends. Everyone got a great deal from John Tufts presentation on Morningstar which is often available free from your library.

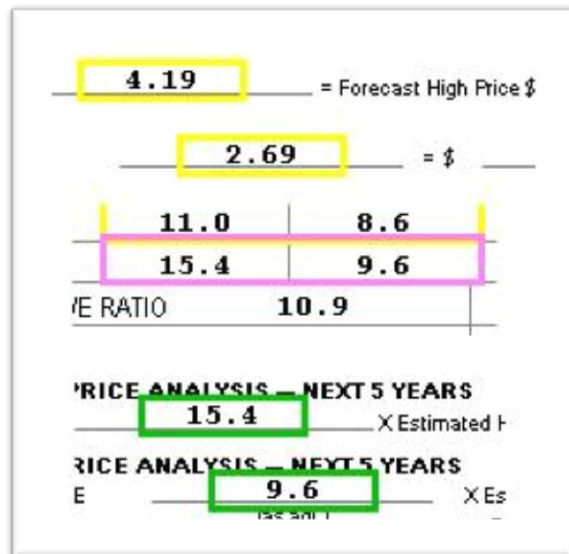
Attendees were asked to select topics for future Forum presentations. These were the top three choices:

- Red Flags! Proceed with Caution
- Do You PEG Your Stocks?

- Economic Moats: A Competitive Edge

TOOL TIPS

When using Toolkit 6, you see boxes bounded by colors. The color of the boxes are important clues for actions to perform.



Yellow indicates areas that can be edited;

Magenta indicates an area that will display a graph when it is selected;

Green indicates areas where you must apply judgment.

INTERPRETING SSG RESULTS

Interpreting a Toolkit 6 stock study or Stock Selection Guide requires a good grasp of a few factors. In the [StockCentral Exchange forum](#), member Evelyn Wenning asks: "Probably most of the experienced traders know this but not all of us. What are the recommended ranges for various factors given on Stock Study? I recall some as Relative Value 80-110%, PEG below 1.3..."

StockCentral guru Doug Gerlach responded with: "Everyone will have their own rules of thumb to use, but here is some food for thought:

- "Risk/Reward (Upside/Downside) Ratio must be 3:1 or higher & current price must be in Buy range.
- "If Relative Value is less than 100%, an undervalued situation is possibly indicated. If Relative Value is below 80% or so, there is probably some fundamental change in the company that has caused the current P/E to fall, so it's not a reliable indicator of valuation. If Relative Value is much above 110%, it's probably too overvalued to purchase at the current price.
- "Future High P/E Ratio should be no more than 25, and no more than 1.5 times the Future Low P/E Ratio.
- "If the PEG Ratio is much above 1.3, the current price may be too expensive compared to the expected future growth.
- "If the Projected Compound Annual Total Return is below 15%, then there may not be enough potential return to warrant buying at the current price."

What are your preferences for the limits of judgment and interpretation on your stock studies?

NOTE: Article taken from the April 2012 edition of the *StockCentral Gazette* which is published by [StockCentral](#).

WORDS OF WISDOM

"You are neither right nor wrong because the crowd disagrees with you. You are right because your data and reasoning are right." – Benjamin Graham