



E-News for December, 2009

Check for the latest information about our classes and events by visiting the Rocky Mountain Chapter website: www.rmchapter.org .

NEWS FLASHES:

Upcoming class: “Supercharge Your SSG With Sound Judgment”

This class is taught in two sessions via GoToMeeting over the internet: session one on December 1st and two on December 15th . Both last 1-1/2 hours starting 7:00pm and ending at 8:30pm. This class targets those with a pretty good understanding of the Stock Selection Guide (SSG) and some knowledge of ToolKit, the premium computer tool for SSG preparation and analysis. This isn't a class for beginners, but a class for those who want to push their investing skills to a higher level. Unlike casino gaming where the odds are irreversibly stacked against us, investing allows us to move the odds in our favor. The more we know and the more skill we have, the more we can shift those odds our way. Investing unavoidably involves uncertainty since it depends on predictions of an oftentimes uncertain future. No investing method can eliminate all risk, but our risk can be reduced and our rewards increased through skill. So sign up for the class today and let's work together to learn ways to decisively shift those odds in our favor.

Let's Talk Stocks: The next session of this lively, entertaining, and educational event will be held at the Indian Tree and (optionally) via GoToMeeting on December 12th . Sign up and put it on your calendar today. These monthly gatherings let us practice and perfect our investing skills.

NEW INABLING TECHNOLOGIES

GoToMeeting and Webinar are the newest technologies to bring first class education and support to our members and clubs. For the first time, members can participate in classes and events from the comfort and security of their home. And distance is no longer an obstacle. If you have a high speed internet link and want to find out more about GoToMeeting from a participants' viewpoint just click on this link: <http://rmchapter.org/Intro%20to%20GTM.wmv>

INSIGHT AND COMMENTARY

At the November “*Let’s Talk Stocks*”, the group discussed what kind of economic environment we face as investors over the next few years. What will the recovery look like? Will it be a “V” shaped recovery with a sharp rebound following the steep downturn of 2009? Will it be a “U” shaped recovery with slow growth and prolonged high unemployment? Will it be a “W” shaped recovery with a double dip recession and a slow and bumpy uptrend lasting for years?

Nobody foresaw a “V” rebound and the sentiment was pretty much evenly divided between the “U” and the “W” shaped recovery scenarios. As investors, we know we must take a long term view and short term market timing is a sucker’s game very few can play effectively. With the types of recovery most now anticipate, it will be a challenge to keep up spirits and difficult to stick with our investment discipline. But history teaches that sticking to our knitting is exactly the wisest course of action today and every day. Throwing in the towel now will be disastrous for your financial health. If your club is feeling dispirited and losing focus, call on your Rocky Mountain Chapter for support now. Don’t delay and **DON’T DISBAND YOUR CLUB AND GIVE UP**. That is the worst thing you could possibly do.

Nobody can predict the stock market over the next two to twelve months. The only thing we can be assured of is that the market and the economy will rebound at some point. With both the “U” and the “W” shaped recovery scenarios, we foresee a range-bound market with stocks going up and down with no clear direction. This situation can last for years, but you can still do well in the market by following the NAIC teachings with strict discipline:

>>> **Don’t forget your dividends:** In a range-bound market, dividends will be over 40% of your total return. With dividends coming in regularly, you will be paid to wait for the robust market recovery that is sure to come at some point. Bias your investment decisions towards dividend payers. Don’t automatically forego buying a fast grower not paying a dividend, but give preference to those that do.

>>> **Sell aggressively** if the company’s business becomes permanently impaired or if the stock becomes overvalued. Remember, the NAIC teaches us to sell any stock that becomes overvalued at 150% of the historical PE average. Do not buy and hold if that only means “buy and forget”. We teach to “buy and watch”. Don’t dither with indecision. Be a disciplined investor and you’ll do well.

>>> **Buy stock in a growing company at a good price.** Rely on your SSG and your own knowledge to buy shares in a sound company with a sound business plan, a sustainable competitive advantage, and low debt. But only buy at the right price. Remember our mantra: **GARP**. **G**rowth **A**t a **R**easonable **P**rice.

>>> **Be a contrarian.** Don’t follow the crowd. The pundits and analysts don’t know anymore than you do. Trust yourself first. Do your research, discuss with your club, and make your own decisions.

>>> **Keep learning** investment fundamentals by attending our classes and events, attending the BI Convention, and being active in your club.

>>> **Practice the art of analysis and SSG preparation** by regularly attending “Let’s Talk Stocks”. There is no more effective way of learning while having fun in the company of like minded investors like you. Hey, we’re all the same boat and we know the surest way forward. Let’s do it: *Together*.