



Newsletter Spring 2024

The Philadelphia Area Chapter

Newsletter for the Philadelphia Area Chapter of BetterInvesting - Volume 4 Issue 1

The Philadelphia Chapter of BI Newsletter

President's Corner, Winter/Spring, 2024 It's almost Spring and time for us to look forward to warmer weather and new beginnings. As **BI** members and investors, though, we can also look back at the good decision we have made —that of committing to the **BI** way of investing. We need to congratulate ourselves! Perhaps it's time for spring cleaning. Are our portfolios (both personal and club) balanced and properly diversified with regard to size and sector? If our portfolios need adjusting, we are fortunate to have some good appropriate ideas from **BI** to help: First Cuts, our **BI** magazine suggestions, and analyses, and our many on-line tools.

Following our tried-and-true method of investing sheds light and ensures us of a logical way to deal with our finances. We are investing in ourselves and continuing to make our future brighter.

Marion McLauchlan, President
K-21

Congratulations To the Philadelphia Area Chapter Anniversary Clubs

HOT FLASH INVESTORS	40 Years
SANDMILL INVESTMENT CLUB	40 Years
RCP INVESTMENT CLUB	35 Years
STERLING INVESTMENT CLUB	35 Years
STERLING INVESTMENT CLUB	30 Years
ABUNDANCE STRATEGISTS INV CLUB	30 Years
MONDAY NIGHT CARPET BAGGERS	25 Years
PHILADELPHIA AREA MODEL INV CLUB	15 Years
IBB INVESTMENT GROUP	5 Years

Free Webinar

CHAPTER EVENT

Managing a Dividend Portfolio

Free Webinar

April 17, 2024, from 7:30pm - 8:30pm

Tired of chasing returns? Consider investing in high quality stocks that can generate income as well as provide opportunities for long term appreciation. Join Kamie Zaracki, past BetterInvesting CEO, as she shares an approach for increasing portfolio returns by focusing on reasonably valued companies with the potential for consistent and growing dividends.

Kamie Zaracki regularly speaks about stock investing at national, international, and BetterInvesting conferences, as well as advocates for individuals to become better-informed investors. She believes anyone can become a successful lifelong investor. She is a frequent contributor to BetterInvesting Magazine, and her articles have been reprinted in other print and online publications. She has also appeared on CNBC's "The Closing Bell" and other national and local news programs. Kamie belongs to two investment clubs.

[Register here](#)

Introduction of Investing with Fundamentals of the BetterInvesting Stock Analysis Methodology



May 4, 2024, from 9am-3pm at the Community Center at Giant in Willow Grove, 315 York Rd.
Willow Grove

This Class is an introduction to investing and the BetterInvesting Stock Analysis methodology. You will learn to complete a Stock Selection Guide (SSG) while increasing your knowledge of investment and financial terminology. You will learn to analyze a company to determine whether to buy, sell, or hold, and how to use data produced by independent analysts such as Morning Star and Value Line. You will obtain a basic knowledge of stock analysis using the on-line SSG Core and the SSG Plus. Fee: \$20 [Register here by Eventbrite](#)

OR Make check payable to: Philadelphia Area Chapter of BI and mail to Gloria Mankonen at 1106 Cowpath Rd. Hatfield, PA 19440

Philadelphia Area Model Investment Club

PAMIC

The Philadelphia Area Model Investment Club is open to guest and opened to you becoming a member of the club. The meetings are held the second Saturday of each month from 9:30am - 12:00pm. The meetings are held virtually and in April and October they are held in person at the Giant Super Store at 315 York Rd, Willow Grove as well as Virtually. To join virtually the link is below.

Philadelphia Area Model Investment Club

Please join my meeting from your computer, tablet or smartphone.

<https://meet.goto.com/461688397>

You can also dial in using your phone.

Access Code: 461-688-397

United States: [+1 \(646\) 749-3122](tel:+16467493122)

Get the app now and be ready when your first meeting starts:

<https://meet.goto.com/install>

Article

TITLE: Could Passive Investing Work For You?

Irina Clements

Passive investing is an [investment strategy](#) to maximize returns by minimizing buying and selling. Index investing is one common passive investing strategy whereby investors purchase a representative benchmark, such as the S&P 500 index, and hold it over a long time.

Passive investing methods seek to avoid the fees and limited performance that may occur with frequent trading. The goal of passive investing is to build wealth gradually. Unlike active [traders](#), passive investors do not seek to profit from short-term price fluctuations or market timing. The passive investment strategy believes it is difficult to out-think the market, so it is best to match market or sector performance.

Passive investing via indexing enables investors to achieve diversification (a key element of successful investing). Index funds spread risk broadly in holding a

representative sample of the securities in their target benchmarks. Index funds track a target benchmark or index rather than seeking winners. Thus, they avoid constantly buying and selling securities. As a result, they have lower fees and operating expenses than [actively managed](#) funds. An index fund offers simplicity as an easy way to invest in a chosen market because it seeks to track an index. There is no need to select and monitor individual managers or choose among investment themes.

Key benefits of passive investing are:

- **Ultra-low fees:** There's nobody picking stocks, so oversight is much less expensive. Passive funds follow the index they use as their benchmark.
- **Transparency:** It's always clear which assets are in an index fund.
- **Tax efficiency:** Their buy-and-hold strategy doesn't typically result in massive [capital gains tax](#) for the year.

Perceived weaknesses of passive investing are:

- **Too many limitations:** Passive funds are limited to a specific index or predetermined set of investments with little to no variance. Thus, investors are locked into those holdings, no matter what happens in the market.
- **Smaller potential returns:** By definition, passive funds will pretty much never beat the market, even during times of turmoil, as their core holdings are locked in to track the market. Sometimes, a passive fund may beat the market by a little, but it will never post the big returns active managers crave unless the market itself booms. Active managers, on the other hand, can possibly bring bigger rewards, although those rewards come with greater risk.
- **Reliance on others:** Because passive investors generally rely on fund managers to make decisions, they don't specifically get to say in what they're invested in.

Passive or Active Better?

So, which of these strategies makes investors more money? You'd think a professional money manager's capability would trump a basic index fund. But they don't. If we look at superficial performance results, passive investing works best for most investors. Study after study (over decades) shows disappointing results for active managers.

Active mutual fund managers, both in the United States and abroad, consistently underperform their benchmark index. For instance, research from S&P Global found that over the 20-year period ended 2022, only about 4.1% of professionally managed portfolios in the U.S. consistently outperformed their benchmarks.

In conclusion, around 38% of the U.S. stock market is passively invested, which increases every year. Passive investment can be an attractive option for hands-off investors who want to see returns with less risk over a longer period of time.

References:

Investopedia: Passive Investing Definition and Pros & Cons, vs. Active Investing, James Chen

Investopedia: Active vs. Passive Investing: What's the Difference? Investopedia Team.

Passive Investing Definition and Pros & Cons, vs. Active Investing, James Chen

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