

# INVESTING WITH FRIENDS: MAKING A NEW CLUB OFFICIAL



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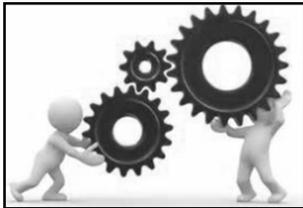
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Once you've finished your first meeting and set the process in motion, much of forming a new investment club will be following through and building on the discussions you've already had.



*Let's review and expand on some of the most important ideas.*

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## START WITH LEADERSHIP

Your club will need:

- PRESIDENT
- VICE-PRESIDENT FOR EDUCATION
- TREASURER
- SECRETARY



*Your partnership agreement or its operating procedures will spell out general duties for your officers.*

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**THE PRESIDENT**

- General Duties Include:
- *Setting Agendas/Schedules*
  - *Keeping Track of Tasks*
  - *Assigning Jobs*
  - *Running the Meetings*



***Your President needs a firm, fair demeanor and a good understanding of the purpose of the club.***

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**THE TREASURER**

- General Duties Include:
- *Keeping Accurate Financial Records*
  - *Preparing Annual K-1s*
  - *Reporting Regularly*
  - *Handling Club Trading and Broker Issues*

***Your Treasurer needs to be computer literate and know how to balance a checkbook.***



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**THE SECRETARY**

- General Duties Include:
- *Taking and Distributing Minutes*

***Your Secretary needs to be comfortable with email, able to use a word processor at the most basic level and a non-procrastinator.***



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### THE VICE-PRESIDENT FOR EDUCATION



General Duties Include:

- *Setting the Year's Education Schedule*
- *Assigning Presenters*
- *Assessing the Members' Interests*
- *Acting as General Educational Resource for Presenters*

***Your VP for Education should be creative, willing to learn and organized. Having some basic computer skills helps.***

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### MORE ABOUT CLUB EDUCATION



- Primary reason most folks join a club.
- What you will learn should depend on what you already know.
- Devote 15-30 minutes each meeting to a formal educational presentation or discussion.
- Assign pairs of partners to make the presentation

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### EDUCATION FOR A NEW CLUB WITH INEXPERIENCED INVESTORS

If possible, find a way to share an image that everyone can see:

- Use a Projector attached to a Laptop
- Attach a Wide-Screen TV to your Laptop
- Experiment with FREE meeting-share sites where you can all see someone's laptop screen at the same time

***I did a quick Google search using "free meeting sharing software" and got the names of more than ten possibilities to try.***

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IDEAS TO LAST A YEAR OR MORE

- Explore the Getting Started resources on the BetterInvesting website as a group.
- All members have access to *the Introduction to the SSG Series*. Listen together or assign 15-30 minute sections and then discuss each session as a group. There are five classes lasting about 90 minutes each.




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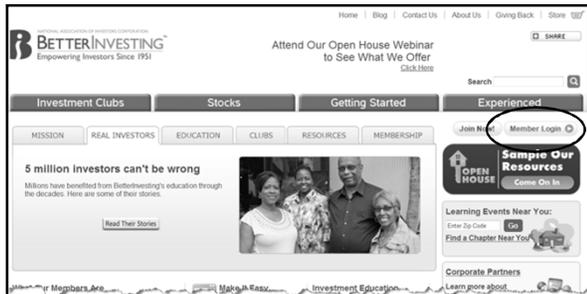
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Everyone has access to the BetterInvesting public webpage. Once you become members, you will want to login to explore membership benefits.

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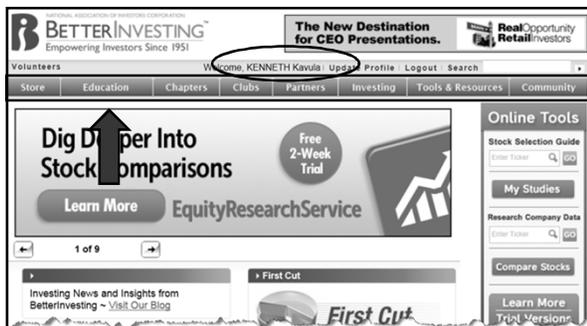
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Members can explore all of the tabs but I recommend starting with EDUCATION.

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**BETTERINVESTING**  
Empowering Investors Since 1951

The New Destination for CEO Presentations.

Real Opportunity Retail Investors

Welcome, KENNETH Kavula | Update Profile | Logout | Search

Store | Education | Chapters | Clubs | Partners | Investing | Tools & Resources | Community

Getting Started  
Learning Center  
My Classes

Free 2-Week Trial

Online Tools  
Stock Selection Guide

As a club leader, take the time to familiarize yourself with all three education categories. It makes sense to start with Getting Started.

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Getting Started  
Home | Education | Getting Started

Getting Started

BetterInvesting's vision is to build a nation of individual investors, and its mission is to provide a program of sound investment information, education, tools and support to help create successful lifetime investors. For over 60 years, BetterInvesting has taught individuals and investment club members the four key principles to become successful long-term investors in good quality growth companies. Whether you're experienced or just starting out, looking to invest in stocks or mutual funds, on your own or as part of an investment club, BetterInvesting has the resources you need to build and maintain a profitable portfolio of growth companies.

Getting Started with Clubs

Investment clubs provide a safe and supportive environment for investors to learn the skill of stock investing in a collaborative environment where investors of any experience level can share their knowledge with each other. An investment club is a group of people – generally 10 to 20 – who come together and pool small amounts of money for investing in stocks on a regular basis, review studies of growth companies presented by club members, and select one or more stocks to buy, hold or sell in a well diversified portfolio based on BetterInvesting's unique investing methodology.

Start Here

Online Tools  
Stock Selection Guide  
My Studies  
Research Company Data  
Compare Stocks  
Learn More  
Trial Versions

SPECIAL SAVINGS!  
Now, Get Member-Only Discounts at OfficeMax

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Education

Getting Started

- Getting Started with Clubs
- Forming Your Investment Club
- Building Profitable Partnerships
- Webinar Series
- How We Invest
- Getting to Know the Stock Selection Guide
- Using BetterInvesting's Online Tools
- Finding More Resources
- Getting Started with Stocks
- Getting Started with Mutual Funds
- Learning Center
- My Classes

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**EDUCATION AT THE FIRST FEW MEETINGS NO MATTER THE EXPERIENCE LEVEL OF THE CLUB**

Familiarize the entire membership with your Accounting site

- Explain how they will “join” the site using email
- Show how to communicate with the entire club using a single email address
- Show how each member can access various reports including valuation and their own personal account

Set up a tour of your broker site

Show how to access free material from your local library

Tour the BetterInvesting site, especially My Classes and the Online Tools

*If no person in the club can handle these presentations, seek help from your chapter, your library or your club mentor. Many people are available to assist! Meanwhile, become an active learner yourself.*

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TASKS TO ACCOMPLISH IN THE FIRST FEW MONTHS

- Have the club and all its members join BetterInvesting
- Formalize by vote your officers, your club name and partnership agreement
- Open your bank account if you're going to use one
- Open your broker account
- Start collecting capital contributions at your first official meeting
- Have all partners sign your Partnership Agreement
- Begin familiarization with Stock Analysis Tools
  - For a new club with inexperienced members use the CoreSSG. If you have a number of experienced members, start with the SSGPlus. Toolkit6 is also an option for clubs with more experienced members.

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You can attach tools to your membership. I recommend that everyone in a NEW club use the CoreSSG. To start a new study, type a ticker in the box or hit the My Studies button to access saved studies.

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HERE'S AN IDEA FOR ANY NEW CLUB



On the night of the first meeting, ask each partner to bring the name of two stocks they think are interesting to the next meeting.

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At the next meeting, introduce the concept of diversity by size. Show how BI divides stocks into small, medium and large by revenue and explain the expected growth for each category.

SIZE	REVENUE	EXPECTED GROWTH
SMALL	< \$.5B	>12%
MEDIUM	>\$.5B AND <\$5B	>7% AND <12%
LARGE	>\$5B	<7%

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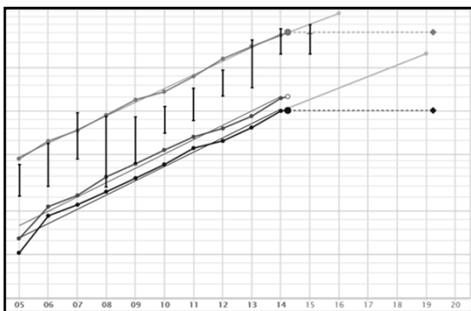
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Explain that BI is looking for consistent growth and it shows up in our tools as straight lines moving in an upward direction with revenue graphs parallel to EPS graphs – UP, STRAIGHT and PARALLEL!



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Quickly project graphs of each stock chosen, classify as to size and decide if it fits our consistent growth model. Capture the names of the stocks that fit the model and their size on a simple chart. If you're not sure, add it to the list. Use these stocks as potential examples of stocks to study as you move forward. Add to the list, if needed, by asking for more names at the next meeting.

**Stocks of Interest:**

- a) **SMALL:** Mesa Labs (MLAB), Portfolio Recovery Associates (PRAA), Raven Industries (RAVN), Bio-Reference Labs (BRLI), US Physical Therapy (USPH), Masimo (MASI), Cappella Education (CPLA), Liquidity Services (LQDT)
- b) **MEDIUM:** FactSet Research (FDS), Qualcomm (QCOM), Dollar Tree (DLTR), Coach (COH), Buffalo Wild Wings (BWLD), Gilead Sciences (GILD), EZCorp (EZPW), Bloomin' Brands (BLMN, OSI), LKQ (LKQ)
- c) **LARGE:** Oracle (ORCL), Apple (AAPL), EMC (EMC), Cognizant (CTSH), Disney (DIS), Abbott Labs (ABT), AbbVie (ABBV), Cisco Systems (CSCO), Whole Foods Market (WFM), Google (GOOG), McDonald's (MCD)

*This list was captured from the bottom of the agenda for the second official meeting of BI Baker, a Mid-Michigan Model I.C.*

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Take some time to set some GOALS for your club! Examples:

- Buy a stock as soon as we accumulate \$X,XXX.
- Show returns that beat a Benchmark by the end of our third year.
- Build our membership to XX partners
- Have 100% of our members able to read an SSG by our first anniversary.
- Hold at least one social event during our first year.
- ... and more!

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And when you buy that first stock, don't be afraid to make a mistake! You learn an awful lot from failure as well as success.



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SEEK HELP

Contact your CHAPTER. Find contact information in the back of any BetterInvesting magazine.

Ask for a mentor. We all have access to GoToMeeting licenses and can attend one of your early meetings electronically. Reach BI Headquarters at 1-877-275-6242 and talk with member support.



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Many chapters will provide visits and educational opportunities for new clubs. Many times, they can also help you contact other clubs in the area or even provide you with a mentor. Most chapter services are very low cost or free.

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Are there QUESTIONS?

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