NATIONAL ASSOCIATION OF INVESTORS CORPORATION
BETTERINVESTING™
LA/MS Chapter

CHAPTER NEWS

April 2026 Newsletter

In this issue

Please make sure all your club members get a copy of the Newsletter.

Support for Clubs

Directors in the LAMS Chapter can use GoToMeeting to allow participants to discuss various investing topics. Email us at contact@lams.betterinvesting.net to schedule a visit from one or more of our directors. Topics could range from club operations to issues related to stock studies. Club members decide.

Roundup Report

by Keith Clingan

The LaMs chapter of Better Investing held their annual Stock Roundup at the Country Inn and Suites in Metairie, Louisiana on Saturday, February 28. The meeting welcomed around 25 interested persons from the public and members of investment clubs from Louisiana and Mississippi for a day of information and fellowship.

The meeting started with a presentation by Gretchen Blondeau, PharmD, who presented information on how pharmaceutical companies are to be evaluated for their investment potential. Blondeau, a retired pharmacist, briefed attendees on how these companies bring drugs to market, including research and technical issues.

Following this presentation how to evaluate Value Line reports came from Angela Lannen. Lannen helped understand how Value Line, while helpful in research on stocks, still must be not isolated in making a choice, due to relativity from time constraints in publication lead times.

Direction on how to live off dividend stocks was presented by Ghanashyam Patel. Many dividend stocks deal with great dividend return, yet finding those stocks still requires proper research, with some further in-depth study to assist the best returns.

After lunch, a stock selection session was led by Kaye Clingan. This discussion on possible investments is held at every meeting and allows chapter members to group research SSGs on stocks that stand out.

Artificial intelligence is making waves in investing these days, and Eric Resweber showed how this can be used to help both select and follow stocks. Standard engines like Grok, Copilot, ChatGPT, and others can consolidate many sources into concise information, while Google's NotebookLM lets you designate which sources your AI can glean the data from.

The meeting was concluded by Dennis Malcolm, who pointed out possible places to create the starting point for SSG creation. Creating these starting points should be reasonable on present data but results should be reasonable (to the creator) in the final results. A creator must also be willing to recreate a new starting point if the result seems out of range.

The Stock Roundup is an annual get together for members of clubs in both Louisiana and Mississippi, and is directed by the LaMs chapter. Attendance is open to all present club members and the general public.

Internal Growth Rate/Sustainable Growth rate:

by Ghanashyam Patel

Return on Equity (ROE) and internal growth are intrinsically linked, with a company's sustainable growth rate determined by multiplying its ROE by its retention ratio (the percentage of earnings reinvested). A higher ROE indicates stronger profitability and capacity to finance expansion internally without issuing new debt or equity. Both ROE and Payout ratio are highlighted in yellow in the example from SSG Plus and used in the calculation below

Key Aspects of ROE and Internal Growth:

- Sustainable Growth Rate = ROE X (1- Payout Ratio)
- In SSG PLUS CURRENT TTM PAY OUT RATIO =**27%** &
- 5 YEAR AVERAGE ROE = **29.9%**
- **SUSTAINABLE GROWTH RATE = 29.9 X (1-0.27) = 21.8%**

Evaluate Management	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	5 Yr Avg
% Pre-Tax Profit on Sales	3.0%	3.1%	3.1%	3.1%	3.2%	3.4%	3.5%	3.5%	3.8%	3.9%	3.6%
% Return on Equity	20.3%	26.9%	25.6%	25.1%	23.7%	30.2%	29.1%	26.6%	33.7%	29.8%	29.9%
% Debt To Capital	29.9%	38.2%	33.9%	30.9%	35.7%	36.6%	30.5%	26.2%	25.9%	21.9%	28.2%

3. PRICE EARNINGS HISTORY as an indicator of the future

CURRENT PRICE (03/19/26): 974.78 **52-WEEK HIGH:** 1,067.08 **52-WEEK LOW:** 844.06

5 Years / 10 Years	A	B	C	D	E	F	G	H
Year	**Price**		**Earnings**	**Price Earnings Ratio**		**Dividend**	**% Payout**	**% High Yield**
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2021	460.6	307.0	11.27	40.9	27.2	12.98	115.2%	4.2%
2022	612.3	406.5	13.14	46.6	30.9	3.38	25.7%	0.8%
2023	571.2	447.9	14.16	40.3	31.6	3.84	27.1%	0.9%
2024	918.9	540.2	16.56	55.5	32.6	19.36	116.9%	3.6%
2025	1,078.2	867.2	18.21	59.2	47.6	4.92	27.0%	0.6%
5 YEAR AVERAGE		**513.8**		**48.5**	**30.6**		**62.4%**	
CURRENT/TTM			19.23	55.5	43.9	5.20	27.0%	
5 YEAR AVERAGE PRICE EARNINGS RATIO: 39.6					**CURRENT PRICE EARNINGS RATIO: 50.7**			

Show / Hide Price/Earnings Chart | Compare Peers

This represents the maximum growth **21.8%** (INTERNAL GROWTH RATE) a company can achieve without changing its leverage.

Internal Growth Rate can be useful as:

- **Reinvestment Impact:** High ROE is only converted into growth when earnings are retained rather than paid out as dividends.
- **Capital Efficiency:** A high ROE (e.g., >15%) signifies effective management of shareholder capital, often enabling higher growth rates.
- **Distinction from Internal Growth Rate (IGR):** While Sustainable Growth looks at equity-funded growth, IGR specifically uses Return on Assets (ROA) and the retention ratio to measure growth without any external financing (debt or equity).

A company with high ROE can maintain a high growth rate internally, whereas a low ROE indicates a need for external financing or limited expansion capabilities.

We will talk of ROE and low debt in next newsletter.

LAMS Model Club

The LAMS Model Club is a real investment club that uses real money and has a real portfolio. There are currently 11 members across three states in the Club. The Club meets online usually the first Monday of the month at 7:30 PM. The purpose of the Club is to demonstrate how a BetterInvesting club operates. All meetings are open to guests and visitors.

Both BI members and non-members are invited to sit in and see the Club in action. We average 4-5 guests per meeting. One or two stocks are presented at each meeting, as well as a short education segment. We use GoToWebinar for meetings. To attend please register ahead of time at:

https://register.gotowebinar.com/register/8064740103851396448

You're invited to forward the contact information to your club members and friends who might be interested in learning about investment clubs or investing the BI way.

You can also dial in using your phone: 1 (646) 749-3131. Enter Access Code: 944-996-925.

Our next meetings will be on April 6, May 4, and June 1. If you'd like more information about the Model Club or about attending a meeting you can contact us at contact@lams.betterinvesting.net .

Happy Anniversary

Congratulations to these LAMS Chapter clubs. BetterInvesting awards certificates to clubs when they reach increments of five years as BI clubs. All these clubs have been around a few years. Certificates go to:

Years	Club Name	Location
10	LaMs Model Club	Louisiana & Mississippi
25	FDIC - Financial Divas Investment Club	Greater New Orleans Area
30	Pike County Investment Club	Summit, MS

First Cut stock reports: Members Helping Members—and chapters

Can I help my Chapter?
LAMS Chapter members can help our chapter cover expenses by submitting completed First Cuts to BetterInvesting. Completing a First Cut is easier than you would think, and has some great benefits.

What is a First Cut?
First Cut Stock Reports are created by BetterInvesting members on good quality companies. These stock reports consist of a completed Stock Selection Guide (SSG) showing the judgements made by the author, and a written report sharing why each judgement was made.

What is the First Cut Challenge?
The First Cut Challenge is meant to provide BetterInvesting with quality First Cut stock studies and to help chapter treasuries earn a little extra money to cover chapter expenses. The Challenge is running from January 1, 2026, through December 15, 2026.
The chapters are grouped into categories according to how many volunteers each chapter has. The categories are: X-Large, Large, Medium, and Small. LAMS Chapter is in the Small size category.

Who can submit a First Cuts?
Any BetterInvesting member or members can submit First Cuts, either individually, with another partner, or with a group as a team. So can an investment club or a chapter.

How do I submit a First Cut?
Directions for completing and submitting a First Cut are on the First Cut template, which can be accessed here:
https://www.betterinvesting.org/getattachment/members/learning-center/worksheets/FirstCutReport-20200507.docx?lang=en-US

The First Cut Stock Report template is an easy-to-use form providing a simple format to capture your rationale and thoughts about your completed SSG.

Who do First Cuts help?

- The member doing the First Cut—The First Cut template is designed to help you organize your thoughts and judgements on your SSG.
- Other BI members who access your First Cut—If your First Cut is accepted by Home Office and is listed on the BI website it gives other members a chance to see what you think about the company, along with understanding how you selected your judgements. This is helpful to all members but it's especially helpful to new members learning to do SSGs.
- The Chapter--It helps the Chapter financially just by achieving our "Fair Share". But if we exceed our Fair Share we might be able to win even more for the Chapter if we can place first, second, or third.

What does LAMS Chapter have to do to win?

LAMS Chapter is in the Small category since we have 7 volunteers. We only have to submit 2 First Cuts to reach our "Fair Share" goal of 2 First Cuts. That will get us a $50 award. That's easy enough. But there are 10 other chapters in the Small category. The chapter that submits the most First Cuts can win an additional $150. Second place wins an extra $100, and third place gets an extra $75.
LAMS placed second in the 2025 First Cut Challenge and was awarded $150 from BetterInvesting. Lets try for first place this year!

Where can I find completed First Cuts?

After logging in to the BetterInvesting website, select "Find Great Stocks" at the top of the page. At the bottom of the drop-down list choose "First Cut Stock Reports". Then scroll down to the list of First Cuts available for viewing.
Note that the list can be sorted by clicking on any column header. Or just search for any particular company that you're looking for. There are lots of First Cuts and lots of stock study ideas.

What is a Kitchen Sink Quarter?

by Eric Resweber

This is a classic turn-around tactic used by companies. It's usually seen when a new or returning CEO takes the helm during a crisis. When a leader takes over in a turbulent time, they want to reset the baseline, clear the deck.

They'll take every bad loan, every asset that's lost value, every single severance package from upcoming lay-offs, every restructuring cost they can possibly think of, and just dump it all into the current quarter. This is often done in the fourth quarter.

So the logic is to make the fourth quarter look absolutely terrible. Take all the pain now. That way, when Q1 is reported, the comparisons look so much better. And the company doesn't have all this baggage dragging it down for the next year.

It's all about managing expectations. Basically saying "I'm taking all my medicine today so I don't have to talk about these problems tomorrow, or the next day, or the day after that." Shrinking to grow.

Some sources explain this as "throwing everything in but the kitchen sink." Others call it "throwing everything in, including the kitchen sink." Either way, it amounts to one big cleanup effort.

Why Do Companies Use the "Kitchen Sink" Approach?

- *New Management:* This tactic is often used when a new or returning CEO comes on board and wants to start with a clean slate. This way they can create a fresh start and distance themselves from past failures. They can blame prior performance on the previous team and set a lower benchmark for future success.

- *Turnaround Situations:* Companies facing significant financial difficulties might use this strategy to reset expectations. By acknowledging all the problems upfront, they can develop a realistic turnaround plan and demonstrate progress over time.

- *Improved Transparency:* Sometimes, companies use the "kitchen sink" approach to improve transparency and restore investor confidence. By fully disclosing all known issues, they can build trust with shareholders and analysts.

- *Tax Benefits:* In some cases, writing off assets and recognizing losses can create tax benefits that offset some of the negative impact on earnings.

- *Strategic Reset:* A company might use a kitchen sink strategy to completely reset its strategic direction. This involves not only cleaning up the balance sheet but also realigning operations, divesting underperforming assets, and investing in new opportunities. The goal is a comprehensive transformation that sets the company on a new path.

Potential Downsides of the "Kitchen Sink" Approach
While the "kitchen sink" approach can be beneficial, it also has potential downsides:

- *Negative Impact on Earnings:* This can lead to a decline in stock price and damage investor confidence in the short term.

- *Risk of Overdoing It:* Overstating the problems to make future performance look even better can be misleading to investors and potentially lead to legal issues.

- *Credibility Issues:* If a company has a history of using the "kitchen sink" approach, investors may become skeptical and question the company's accounting practices.

- *Employee Morale:* Implementing a kitchen sink strategy often involves layoffs, restructuring, and other measures that can negatively impact employee morale, leading to decreased productivity and increased turnover.

- *Investor Skepticism:* Investors might become suspicious and worry that the company is hiding deeper problems or manipulating its financial statements to create a false impression of improvement.

The "kitchen sink" approach can be a useful tool for new management or companies facing turnaround situations, but it's important to understand the potential downsides and to carefully evaluate the situation before making investment decisions. By staying informed and doing your research, you can navigate these situations successfully. So next time you hear about a company "throwing in the kitchen sink," you'll know exactly what it means!

Useful Links

Open House 90-day free trial:
https://hello.betterinvesting.org/90day-ws
Anyone can sample a BI membership. If you're a BI member please share this URL with anyone who might be interested in trying out BetterInvesting. All that's required is to enter ZIP code, name, and email address to gain access to the ninety day, core trial membership. No credit card needed, so they don't get trapped into having to cancel or anything like that. This will just expire after ninety days.
This trial membership includes:

1. A digital copy of BetterInvesting Magazine
2. Our "Why Invest" webinar
3. First Cut Stock Reports
4. Instant access to a trial version of our online stock selection and analysis tools.

If you're **not currently a member of BetterInvesting** you can visit the BetterInvesting website to learn more about the organization here: https://www.betterinvesting.org/

If this newsletter was forwarded to you and you would like to subscribe to the newsletter, just fill out the form at the bottom of this LAMS Chapter web page.
https://www.betterinvesting.org/chapters/lams

Register to **attend LAMS Model Club meetings** as a guest.
https://register.gotowebinar.com/register/8064740103851396448

Video Learning Library—BetterInvesting members can access the very many archived webinar recordings here:
https://lists.betterinvesting.org/link.php?M=3389991&N=25554&L=12063&F=H

Guests and non-members can also access **a sampling of BetterInvesting webinars** to learn more about BetterInvesting, investing the BI way, investment clubs, and more:
https://www.betterinvesting.org/learn-about-investing/free-videos

These are your Volunteer Louisiana/Mississippi Chapter Directors

Angela Lannen, DeRidder, LA
Kaye Clingan, Jackson, MS
Eric Resweber, Zachary, LA
Joe Farrell, Jackson, MS
Dennis Malcolm, Lafayette, LA
David Arnold, Hattiesburg, MS
Jimmy Stewart, Jackson, MS
Ghanashyam Patel, New Orleans, LA

If you have a question about BetterInvesting, investment clubs, or investing in general, contact a director near you at contact@lams.betterinvesting.net. We're here to help.

Please make sure all your club members get a copy of the Newsletter.

If anyone needs help subscribing just email us at contact@lams.betterinvesting.net. We'll be glad to help.