

CHAPTER I

PURPOSE AND FUNCTION OF BETTERINVESTING®

The National Association of Investors Corporation (NAIC) was organized in 1951 by four investment clubs to create an educational association. The oldest of these clubs, The Mutual Investment Club of Detroit, was founded in 1940. The National Association of Investors Corporation is known as BetterInvesting for branding purposes.

A trust agreement setting up the association was signed August 28, 1951, was amended March 10, 1969, and restated March 28, 1973 and April 5, 2007. The agreement provided for the establishment of a Board of Trustees to govern the organization, and instructed the Trustees to set up a non-profit corporation for the advancement of the purposes of the Trust and such other organizations, as it deems necessary. The Trust established the National Investors Association (NIA) to be the volunteer arm of the association. The Trust also established an office to assist in carrying out its plans and to be a service organization to the other units of BetterInvesting. In 1998 NAIC was granted 501(c)(3) status by the IRS; this established NAIC as a non-profit organization, for which donations are deductible by the contributor, but only if no services are provided in exchange for the contribution.

The Trust established several other organizations. BetterInvesting was instrumental in setting up the World Federation of Investors Corporation. This is an organization similar to BetterInvesting, dedicated to providing investment education to investment clubs and individual investors around the world.

The Trust was governed by a “Board of Trustees” whose initial chairman was George A. Nicholson, Jr.

The Trust was terminated in 2007, effectively leaving the Board of Directors of the National Association of Investors Corporation to govern the organization.

The Board of Directors is a self-perpetuating body. New directors are chosen who possess skills to benefit the organization. Members are chosen both from within the organization and its volunteers, and from outside the organization through a nomination process.

BetterInvesting has several divisions and related organizations including:

National Association of Investors Corporation:

NAIC (BetterInvesting) is a non-profit 501(c)(3) organization governed by the NAIC Board of Directors and has its operating headquarters in Madison Heights, MI. BetterInvesting provides products and services for a charge to the members. Clubs, investment club partners, and individuals pay membership dues to the organization, which also publishes *BetterInvesting* magazine and offers various educational

materials for sale to the members and the public. BetterInvesting has received grant funding to support specific, targeted investment education programs, such as its high school “Building Wealth” programs (in partnership with DECA – Distributive Education Clubs of America) and the NEA (National Education Association -- national organization for teachers).

ICLUBcentral®:

In May of 2009, NAIC purchased ICLUBcentral; it became a wholly-owned for-profit subsidiary. For a long period, the two organizations had been serving the same set of investors. The merger allowed sharing of information, alignment of strategies and leverage of the strengths of both organizations to provide better service. BetterInvesting ensures that it operates at an arm’s length from its for-profit subsidiary by using proper and transparent accounting and governance procedures.

World Federation of Investors Corporation:

On July 6, 1960, NAIC helped to develop an organization to bring investor education to others by forming the World Federation of Investors Corporation (WFIC) in London, England. NAIC was assisted by associations from Great Britain, the Netherlands and New Zealand. Membership in this organization now includes Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Hong Kong, Japan, Netherlands, Norway, Thailand, Brazil, Estonia, Iceland, South Africa, Poland, Portugal, Spain, Sweden, United Kingdom and United States of America.

BIVA Board (BetterInvesting Volunteer Advisory Board):

The BIVA Board is a division of BetterInvesting governed by a volunteer Board of Directors. The BIVA Board is the successor volunteer division, replacing the National Investors Association (NIA). It is responsible for holding the BetterInvesting National Convention (BINC). The BIVA Board also provides director training for new or reorganized chapters; conducts an annual director development session for chapter directors at B I N C ; and promotes activities to encourage the growth of chapters and membership in BetterInvesting. Each year several new directors are elected by the BIVA Board, subject to approval by the NAIC Board of Directors. The Chair and President of the BIVA Board are invited to NAIC Board of Directors meetings.

Chapters

A chapter is the local arm of the BetterInvesting organization. It exists by a charter issued by BetterInvesting and is responsible for carrying out the mission of BetterInvesting. Its function is to expand the range of activity of the national organization into the local area by:

- Assisting and encouraging the formation of new investment clubs and recruiting BetterInvesting members

- Providing programs to publicize the investment club movement and the benefits of long-term investing
- Arranging for educational seminars, study courses and meetings for the benefit of investment clubs, individual investors, and the general public.

Although BetterInvesting has greatly expanded since 1951 and now represents thousands of clubs and individual members, the purpose remains the same: to provide investors with the education, tools, information, and resources to intelligently evaluate equities for investment purposes. BetterInvesting has developed an organization to encourage and assist the formation of investment clubs and introduce individuals to the benefits of investing. Over the years it has developed and improved tools for stock studies and analyses, and it has provided detailed advice and recommendations to aid investment clubs in organizing and operating successfully.

BetterInvesting Services & Products

To help carry out its purpose, BetterInvesting has developed various publications and books including:

- ***BetterInvesting* magazine – 10 issues per year** - Guides investors to make informed investment decisions
- **BI Weekly** – A free blog providing investing news and insights from BetterInvesting and features a weekly stock screen. <http://blog.betterinvesting.org/>
- ***Investment Club Operations Handbook*** (e-book format) - Everything for starting and running a successful investment club
- ***Stock Selection Guide Handbook*** - The BetterInvesting Stock Selection Guide Handbook presents our common-sense approach and practical, unbiased guidance designed to help investors identify, analyze and select quality growth stocks. The 2016 edition is available as an e-book or PDF.
- ***Using Portfolio Management Wisdom Handbook*** - Use and benefit of BI's portfolio management tools and techniques
- ***Mutual Fund Handbook*** (e-book) - Learn the fundamentals of mutual fund investing
- ***Take Stock*** - From beginner to expert -how to invest successfully in the stock market
- ***Main Street Millionaires*** - An inspiring story about the founding of NAIC
- ***Investing for Life-Youth Handbook*** - Provides a solid foundation for setting personal and financial goals
- ***Computerized Investing & The Internet Handbook***- How-to-guide of BI's online investment software and financial tools

In addition, BetterInvesting has developed a series of software and online tools to aid the investor. The following tools provide features that include stock screening, stock evaluation (SSG), stock comparison (SCG), and portfolio reports.

- **CoreSSG** (online Stock Selection Guide) - Cloud-based stock evaluation program central to BetterInvesting stock analysis methodology
- **SSGPlus** (online Stock Selection Guide) - Upgraded CoreSSG program for advanced investors
- **Stock Comparison Guide** – a tool for comparing the analysis of several different stocks in the same industry or sector

In conjunction with the above, BetterInvesting has developed a series of online educational classes to aid the investor including:

- **Introduction to the Stock Selection Guide (SSG) Series** (Included in Club, Core, Plus, and Lifetime memberships) - An introductory course designed to help the new investor learn how to use and complete the Stock Selection Guide. The course consists of five videos (each 65-90 minutes in length), presentation handout(s) for each video, and practice activities and materials
- **Adding Judgment to your SSG Series** (Included in Plus & Lifetime memberships only) - The Adding Judgment series is designed to improve the student's ability to complete a Stock Selection Guide (SSG) through the use of research and the evaluation of historical data.
- **Buy the Best – Guide to Industry Studies** – This three-part series is designed to help investors develop procedures that will lead them to the best stock in a given industry
- **StockUp** - Demonstrates stock analysis and portfolio management “best practices.” Sessions run 60-75 minutes focusing on one primary topic. Offered nine times per year.
- **TickerTalk** - Investing education in bite-size pieces is offered at every TickerTalk session to help you become a successful investor. Plus ‘Five-in-Five’ is a regular feature in which the panelists offer up some stock ideas that may be worthy of further study. Offered monthly.

BetterInvesting Membership Types

- **Magazine Subscribers** – Individuals can subscribe to just the magazine. Magazine subscribers do not receive access to the membership website.
- **Associate** – Individuals who receive a special one-time offer through a home office initiative. (This is not available for a chapter to offer prospects; other membership growth discounts are available.) This membership type is a one year, non-renewable membership that includes a digital subscription to *BetterInvesting* magazine, access to the BI website, member educational webinars, First Cuts, and access to a trial version of online tools.
- **Club Basic** – (no tools) – *BetterInvesting* magazine, access to member-only website content.
- **CoreSSG** – includes the online CoreSSG Stock Selection Guide, Stock Comparison Guide, Stock Data Service powered by Morningstar equity data, *BetterInvesting* magazine, access to member-only website content, and more.
- **SSGPlus** – BetterInvesting Plus Membership Package includes the online SSGPlus and CoreSSG Stock Selection Guides, Stock Comparison Guide, Stock

Data Service powered by Morningstar equity data, *BetterInvesting* magazine, access to member-only website content, and more.

- **Lifetime** – This membership type is grandfathered and no longer available for purchase. Lifetime members receive the highest level of online tools access and includes all education available to Plus members.

ICLUBcentral Products & Services

Below is a list of some products that are popular with BetterInvesting members. For a complete list of ICLUBcentral products, visit www.iclub.com. Most, but not all, ICLUBcentral products are endorsed by BetterInvesting and thus may also be for sale on www.betterinvesting.org

- **Myclub.com** - Online investment club accounting software
- **Club Accounting** – (Windows-based software) Investment club accounting software
- **Investor's Toolkit 6** (Windows-based software)- Provides unprecedented ease of stock evaluation and portfolio review tools
- **My Stock Prospector** (online)- The most powerful and comprehensive tool for long-term-based stock screening. Over 120 separate criteria. Beginning to advanced investors
- **Investor Advisory Service** – One of the nation's top-performing stock newsletters when it comes to consistent, long-term performance. This award-winning stock newsletter has been guiding investors to success since 1973.
- **Small Cap Informer**- Discover outstanding, high-quality small-cap stocks with excellent long-term prospects in a monthly small-cap stock newsletter. Past picks are tracked and recommended for sale when necessary

BetterInvesting National Convention

The crown jewel of BetterInvesting's investment education events is the annual BetterInvesting National Convention (BINC). Investors nationwide gather to learn, network, and express investment ideas during this multi-day investment seminar. Nationally known teachers and investment experts present over 60 unique seminars on various investment topics.

In addition to the outstanding investment education provided, there are the informal aspects of the event that are extremely valuable – the networking with volunteers from across the country, opportunity to meet and chat with home office staff, sharing stock ideas with fellow investors, and learning how other clubs operate.

A special discounted attendance rate is available for volunteers who attend the half-day Volunteer Training session that precedes the convention.