

Aggressive SSG



Mini Investment Class by the OKI Tri-State Chapter

*Courtesy Cincinnati Model Investment Club
Based on Original Presentation by Gretchen and Jim Hurt
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SSG for a New Company

- **When you are considering purchasing a company that is not yet in your portfolio**
 - **You want to adjust for potential future negative events**
 - **All the rules about being conservative apply**
 - **This is the SSG we teach in all our BetterInvesting classes**
 - **Make all your judgments be conservative**

SSG for an Existing Company

- **When you are considering purchasing a company that is already in your portfolio**
 - **You want to adjust for potential future negative events**
 - **All the rules about being conservative apply**
 - **This is the SSG we teach in all our BetterInvesting classes**
 - **Make all your judgments be conservative**

SSG for Selling a Company

- **When you are considering selling a company that is already in your portfolio because the current price is high**
 - You do not want to miss potential future positive events
 - The rules about making conservative judgments do not apply
 - **This is not the SSG we teach in all our BetterInvesting classes**
 - **This is the Aggressive SSG.**

Conservative vs Aggressive

- Want to be sure of any potential upside
- Use lower projected growth rates
- Be careful with High and Low P/Es
- Consider buying when $US/DS^* > 3$
- Use for buying only
- What potential upside remains?
- Use historical growth rates for projections
- Use latest High and Low P/Es
- Consider selling when $US/DS^* < 1$
- Use for selling only

Difference in the two SSGs is only in your judgments.

* Upside/Downside Ratio

Summary

- **Only use an aggressive SSG when you are considering selling a company because the price is high.**
- **An $US/DS^* < 1$ on your conservative SSG is a sign that the price is high.**
- **Start with your conservative SSG and change your judgments.**
- **If $US/DS^* < 1$ on your aggressive SSG, seriously consider selling because there is little potential future upside.**

* Upside Downside Ratio

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