

## Two Local Non-Profits for Investor Education



Sunnyvale Library – April 28, 2021

*Presenters*

**Lynn Gillette**

**AAII – American Association of Individual Investors.org**  
[aaichapter\\_siliconvalley@yahoo.com](mailto:aaichapter_siliconvalley@yahoo.com)

**Marion Michel & Russell Malley**  
**BI – BetterInvesting.org**

[mar02mic@comcast.net](mailto:mar02mic@comcast.net) & [iclub-ram@comcast.net](mailto:iclub-ram@comcast.net)

1

**B** WWW.BETTERINVESTING.ORG **2**

### DISCLAIMER

The information in this presentation is for educational purposes only and is not intended to be a recommendation to purchase or sell any of the stocks, mutual funds, or other securities that may be referenced. The securities of companies referenced or featured in the seminar materials are for illustrative purposes only and are not to be considered endorsed or recommended for purchase or sale by BetterInvesting™ National Association of Investors Corporation (“BI”). The views expressed are those of the instructors, commentators, guests and participants, as the case may be, and do not necessarily represent those of BetterInvesting. Investors should conduct their own review and analysis of any company of interest before making an investment decision.

Securities discussed may be held by the instructors in their own personal portfolios or in those of their clients. BI presenters and volunteers are held to a strict code of conduct that precludes benefiting financially from educational presentations or public activities via any BetterInvesting programs, events and/or educational sessions in which they participate. Any violation is strictly prohibited and should be reported to the CEO of BetterInvesting or the Director of Chapter Relations.

This presentation may contain images of websites and products or services not endorsed by BetterInvesting. The presenter is not endorsing or promoting the use of these websites, products or services.

**This session is being recorded for future use.**

2

**B** WWW.BETTERINVESTING.ORG **3**

### BetterInvesting - BI

BI is a 501(c)(3) non-profit organization founded in 1951. It is dedicated to investor education and has numerous chapters across the country, staffed by volunteers.


Russell and Marion are volunteer directors with the Silicon Valley Chapter of BetterInvesting.

- We have both belonged to BI and been investors for more than 30 years.
- We are NOT licensed financial professionals.
- In keeping with BI's mission, we do not give specific investment advice.
- We try to help you understand investing so you can DIY.

3



**B** WWW.BETTERINVESTING.ORG **4**

### This is the National BetterInvesting Website Menu



**Most menu tabs have a lot of free information  
We'll go through them and highlight some key features**

The **Home** tab features members explaining why they appreciate BetterInvesting



4

# Two Local Non-Profits for Investor Education – AAIL and BI

Marion Michel & Russell Malley

The screenshot shows the website www.betterinvesting.org. The navigation bar includes links for HOME, ABOUT US (highlighted with a red arrow), LEARN ABOUT INVESTING, FIND GREAT STOCKS, EXPLORE INVESTMENT CLUBS, and MEET OUR COMMUNITY. A sidebar on the left lists menu items: OUR MISSION & METHOD, OUR HISTORY, WHY BECOME A MEMBER, OUR TEAM, REPORTS AND POLICIES, NEWS RELEASES, CONTACT US, and STORE. Red lines connect these items to callout boxes on the right. The 'OUR MISSION & METHOD' callout describes the organization's mission to educate investors and lists services like unbiased stock investing classes, online stock analysis tools, and investor publications. The 'OUR HISTORY' callout states the organization was founded in 1951 by business friends who believed in fundamental investing. The 'OUR TEAM' callout notes the team is headed by a diverse group of investors and educators. The 'NEWS RELEASES' callout highlights upcoming featured stocks, specifically mentioning O'Reilly Automotive Inc. and Masco Corp. as 'Undervalued' for June 2021.

5

The screenshot shows the page titled 'BI's Key Investing Principles' on www.betterinvesting.org. It lists four key principles in a numbered list:

- 1. Invest regularly.** Do so regardless of the swings in the market. This will help you maintain a lower and more favorable average cost per share of stock.
- 2. Reinvest all earnings.** By reinvesting all your dividends and profits from the sale of stock, you'll fully leverage the power of compounding.
- 3. Buy stock in high-quality growth companies.** Since the price of a stock follows the company's earnings, you should search for growth companies that increase earnings consistently over time.
- 4. Diversify your portfolio.** Spreading your stock investments over a number of different companies of differing sizes and industries will help reduce the risk of being in the stock market.

At the bottom of the page, there is a blue hyperlink: <https://www.betterinvesting.org/about-us/mission-method-of-stock-investing>

6

**B** WWW.BETTERINVESTING.ORG **7**

## BI Methodology

Most of our energy as investors goes into finding companies to invest in – those that show characteristics of good quality and are selling at a fair price.

**We use our online Stock Selection Guide (SSG) software to:**

- **Cut through loads of information available about most stocks**
- **Organize essential information about a company's performance**
- **Enable users to decide if a company has necessary quality attributes**
- **Enable users to determine what a reasonable buy price is**

**(The database for the SSG is Morningstar.  
The Sunnyvale Library has an online Mstar subscription.)**

We teach the methodology behind the SSG and how to use the SSG and related investing subjects.

**SSG users must apply their own judgment.  
The software does not supply answers...it facilitates user analysis.**

7

**B** WWW.BETTERINVESTING.ORG **8**

## We Are Fundamental Investors, Not Stock Traders

**“Fundamental” investors (BI)** pay attention to company quality and performance and potential long-term returns.

**“Technical” investors** pay attention to daily stock price movements as part of a frequent trading methodology.

We are looking for companies that give us confidence that they will be worth owning for several years, if not longer.

After we buy a company, we continue to monitor it. We do not buy and forget our holdings.

**We want to hold a company in our portfolio**

- As long as its fundamental qualities remain intact, **and**
- It can continue to provide an appropriate return on our investment.

8

Two Local Non-Profits for Investor Education – AAIL and BI  
 Marion Michel & Russell Malley

The screenshot shows the BetterInvesting website interface. At the top, the URL is WWW.BETTERINVESTING.ORG. The navigation menu includes HOME, ABOUT US, LEARN ABOUT INVESTING (highlighted with a red arrow), FIND GREAT STOCKS, EXPLORE INVESTMENT CLUBS, and MEET OUR COMMUNITY. On the left, there is a sidebar for 'Investor Education Articles' with a list of topics: Getting Started With Stocks, Dividend Stocks, Mutual Funds & ETFs, Investment Clubs, Investing, Personal Finance, Estate Planning, Retirement, College, and Real Estate. A red arrow points from this sidebar to a green box labeled 'BI Magazine Next slides'. The main content area features a green vertical menu with 'OUR CLASSES', 'FREE VIDEOS', 'BETTERINVESTING MAGAZINE', and 'OUR EVENTS'. A red arrow points from 'FREE VIDEOS' to a blue box labeled 'Free Stock Investing Videos' which includes the text 'Also on YouTube - BetterInvesting' and a YouTube channel link. Below this is an event calendar table with columns for 'Date' and 'Event'. The first event is 'BetterInvesting National Convention | BINC 2021' from 10/21/2021 to 10/24/2021, highlighted with a red arrow and the label 'BINC'. Other events include 'BetterInvesting's Online Tools Q&A Open Forum' and 'StockUp: Taste of BINC'. A footer note says 'Find your local chapter here and look for additional events.'

9

The screenshot shows the BetterInvesting Magazine website. The URL is WWW.BETTERINVESTING.ORG. The page title is 'BetterInvesting Magazine – Monthly: Online or Paper'. On the left is an image of the magazine cover for April 2021, featuring 'The BetterInvesting TOP 100' and 'WALL ST. MAIN ST.' signs. On the right, under the heading 'A Typical Issue', is a list of contents: Top 100 Index Updates, A stock to study (using the SSG), An "undervalued" stock, Review of previously featured stocks, A club "Repair Shop" portfolio analysis, Personal finance topics, Something for beginners, An article about the market, A featured club, Russell's accounting tips, A book review\*, and Upcoming BI events around the country. A footnote states: '\* The April book was: Broke Millennial Talks Money: Scripts, Stories, and Advice to Navigate Awkward Financial Conversations by Erin Lowry.' At the bottom, a red text box says 'Sunnyvale library subscribes to BI and AAIL magazines'.

10

# Two Local Non-Profits for Investor Education – AAIL and BI

## Marion Michel & Russell Malley

**B**
WWW.BETTERINVESTING.ORG
11

### BI's Track Record – BIXX and BIXR Indexes

Performance Parameter	As of 2/29/2021	5-Year Change Annualized
BetterInvesting 100 Index (BIXX)	505.42	15.51%
BetterInvesting 100 Index (BIXR — Total Return)	700.93	17.18
S&P 500 Equal-Weight Index (Total Return)	10,074.58	15.17
Vanguard Total Stock Market (CRSP U.S. Total Market)	97.40	17.32
Dow Jones Industrial Average (DJIA)	30,932.37	16.08
S&P MidCap 400 Index	2,496.26	15.20
Russell 2000 (Small-Cap Index)	2,201.05	17.87
Nasdaq Composite	13,192.35	24.99
MSCI EAFE (Europe, Australasia, Far East) Index	2,168.87	6.84
MSCI Emerging Markets Index	1,339.26	12.59
Value Line Arithmetic Composite	8,845.27	16.59
Consumer Price Index (February)	263.04	2.1

Sources: Yahoo Finance, Value Line, Bureau of Labor Statistics, MSCI, Standard & Poor's, Solactive, Google, FTSE Russell

<https://www.solactive.com/indices/?se=1&index=DE000SLA5BX2#composition>

The Top 100 data come from myICLUB, a club accounting software package used by many investment clubs. The creator of myICLUB, ICLUBcentral is a BI subsidiary. Clubs enter their accounting transactions into the myICLUB software in order to be able to track members' individual investments and the club's portfolio performance and to generate annual tax reports. The software also tracks which stocks clubs hold. The Top 100 are equal-weighted in the indexes. (Each stock = 1%)

11

**B**
WWW.BETTERINVESTING.ORG
12

### The April Club for the Magazine "Repair Shop" Commentary by Daniel J. Boyle, CFA

#### Bay Area's Best Enterprising Sisters (BABES) Investment Club, Fairfield, Calif.

Company	Ticker	No. shares	Cost	Jan. 8, 2021 Price	Value	Gain/ (loss)	%Gain/ (loss)	Quality rating*	% Growth estimate**	% of portfolio	Trailing P/E	Trailing EPS
AeroVironment	AVAV	15	\$ 1,009	\$ 92.69	\$ 1,390	\$ 382	38	3	11	0.4	60	\$ 1.54
Amazon	AMZN	5	4,628	3,182.70	15,914	11,285	244	1	34	5.0	93	34.15
Apple	AAPL	280	7,444	132.05	36,974	29,530	397	1	13	11.6	40	3.28
Costco	COST	30	1,457	369.94	11,098	9,641	662	1	10	3.5	38	9.74
Disney	DIS	35	4,015	178.69	6,254	2,240	56	1	14	2.0	N/A	(1.57)
Etsy	ETSY	20	998	175.65	3,513	2,515	252	3	28	1.1	98	1.80
Facebook	FB	45	4,182	267.57	12,041	7,859	188	1	17	3.8	30	8.78
Fastenal	FAST	10	399	50.75	508	109	27	1	12	0.2	35	1.46
Home Depot	HD	95	3,337	269.09	25,564	22,227	666	1	9	8.0	23	11.56
Intuit	INTU	149	3,259	374.46	55,795	52,536	1,612	1	13	17.6	50	7.45
IPG Photonics	IPGP	20	1,860	241.52	4,830	2,970	160	2	15	1.5	123	1.97
Jack Henry & Associates	JKHY	65	1,727	166.95	10,852	9,125	528	1	11	3.4	43	3.89
MAXIMUS	MMS	85	5,412	77.17	6,559	1,147	21	1	10	2.1	23	3.40
Norfolk Southern	NSC	42	1,869	254.04	10,670	8,781	465	1	8	3.4	28	9.17
O'Reilly Automotive	ORLY	51	1,122	477.92	24,374	23,252	2,072	1	12	7.7	21	22.39
Paychex	PAYX	25	2,271	92.02	2,301	29	1	1	7	0.7	31	2.93
PayPal Holdings	PYPL	20	2,093	242.46	4,849	2,756	132	1	20	1.5	91	2.65
PepsiCo	PEP	85	5,624	144.18	12,255	6,631	118	1	6	3.9	29	5.05
Simulations Plus	SLP	60	2,450	82.32	4,939	2,489	102	3	15	1.6	165	0.50
Tandem Diabetes Care	TNDM	20	2,234	97.59	1,952	(282)	(13)	3	20	0.6	N/A	(0.81)
Tesla	TSLA	70	2,452	880.02	61,601	59,150	2,412	3	63	19.4	1,760	0.50
Visa	V	10	1,459	215.45	2,155	695	48	1	15	0.7	44	4.86
Cash			1,387		1,387			1				0.4
Average									17		146	
TOTAL			\$62,709		\$317,773	\$255,064	407			100		

\* Based largely on rankings published by Value Line.  
 \*\* As estimated by the author, with data from Thomson Financial Network.  
 Note: Numbers in the table have been rounded.

Club founded 1997 with 25 members. Now 9 members, including 3 founders.

12

Sunnyvale Library – April 28, 2021

6

Two Local Non-Profits for Investor Education – AAIL and BI  
Marion Michel & Russell Malley

WWW.BETTERINVESTING.ORG 13

BETTERINVESTING HOME ABOUT US - LEARN ABOUT INVESTING - FIND GREAT STOCKS - EXPLORE INVESTMENT CLUBS - MEET OUR COMMUNITY -

**This menu choice is mainly for members only**

- ONLINE STOCK SELECTION TOOLS: Brief description of our software
- STOCK IDEAS: Top 100 stocks, Heat map, Screening tool/5 built-in Screens, Monthly stock screen, Stocks discussed in BI Magazine, TickerTalk – Five in Five
- FIRST CUT STOCK REPORTS: A library of stock reports submitted by members. Each report explains the member's views of the stock quality and price (value)

13

WWW.BETTERINVESTING.ORG 14

BETTERINVESTING HOME ABOUT US - LEARN ABOUT INVESTING - FIND GREAT STOCKS - EXPLORE INVESTMENT CLUBS - MEET OUR COMMUNITY -

Stock investment clubs offer many benefits, such as investment education, a way to pool your money and earn profits, mutual support in practicing sound investment principles, and camaraderie with friends and family.

- LEARN ABOUT INVESTMENT CLUBS: INVESTMENT CLUBS ARTICLES
  - INVESTMENT CLUB NEAR YOU
  - HOW TO START AN INVESTMENT CLUB: Start a club in 10 steps
  - INVESTMENT CLUB ACCOUNTING: 10 Operating tips for clubs

14

Two Local Non-Profits for Investor Education – AAIL and BI  
Marion Michel & Russell Malley

WWW.BETTERINVESTING.ORG 15

BETTERINVESTING HOME ABOUT US - LEARN ABOUT INVESTING - FIND GREAT STOCKS - EXPLORE INVESTMENT CLUBS - MEET OUR COMMUNITY -

**Don't try to run a club without club accounting software**

- LEARN ABOUT INVESTMENT CLUBS
- INVESTMENT CLUB NEAR YOU
- HOW TO START AN INVESTMENT CLUB
- INVESTMENT CLUB ACCOUNTING**

- Document members' "dues" (investments) accurately
- Maintain portfolio buy, hold and sell records accurately
- Provide accurate records for taxes

myICLUB.com online investment club accounting and portfolio management performs these essential functions + lots more

15

WWW.BETTERINVESTING.ORG 16

BETTERINVESTING HOME ABOUT US - LEARN ABOUT INVESTING - FIND GREAT STOCKS - EXPLORE INVESTMENT CLUBS - MEET OUR COMMUNITY -

- MEMBER STORIES
- OUR LOCAL CHAPTERS** - Find information about the Silicon Valley Chapter
- OUR VOLUNTEERS
- OUR EXPERTS
- EDUCATION PARTNERSHIPS
- CORPORATE PARTNERS
- INVESTOR OUTREACH

<b>Silicon Valley Chapter</b>	Sign up for our newsletter under "Learn More"
Local Events	Upcoming meetings/seminars
Contacts	Our email addresses
Model Investment Club	Contact our Model Club
Visit-A-Club	Clubs you can visit
Investment Club Support	Are you in a BI club and would like help?
News & Articles	Prior seminar handouts
Volunteering	Would you like to volunteer?

16



Two Local Non-Profits for Investor Education – AAIL and BI  
 Marion Michel & Russell Malley

B WWW.BETTERINVESTING.ORG 17

What Happens at the Local Level?  
 What Do BI Volunteers Like Marion & Russell Do?

- We mentor individual and club BI members in our chapter area.
- We help new clubs get started.
- We support BI national programs at the local level.
- We develop local webinars and events for our local audience.
- We maintain our chapter web page, an online newsletter and a Meetup presence.
- We participate in national Money Smart Week and Financial Literacy Month by extending investor education to local libraries and schools.
- We teach local investors how to use investor databases which are available at local libraries
- We teach our local members how to use our stock analysis and club accounting software.

17

B WWW.BETTERINVESTING.ORG 18

A Quick Introduction to a Few BI Common-Sense Ideas

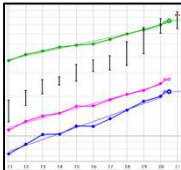
Key Company Metrics  
 Sales  
 - Expenses  
 = Pre-Tax Profits  
 - Taxes  
 = Profits (Earnings)

**2 BI "Mantras" – Reminders for Beginners About Key Metrics**

1. Key Concept Mantra for Investors: "**Sales Drive Earnings Drive Prices**"  
 Sales (and cost control) drive → Earnings (profits) drive → Stock Prices

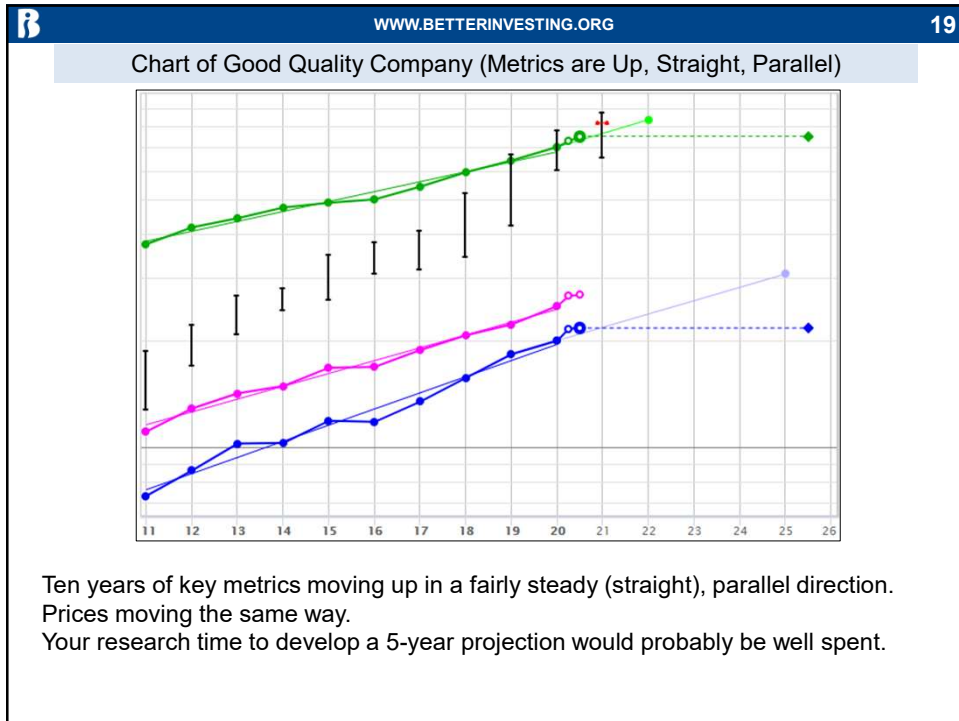
2. Key Metrics Direction Mantra  
 Line on main BI quality chart are  
 "Up, Straight and Parallel!"

→ Sales  
 Prices  
 PT Profits  
 Earnings

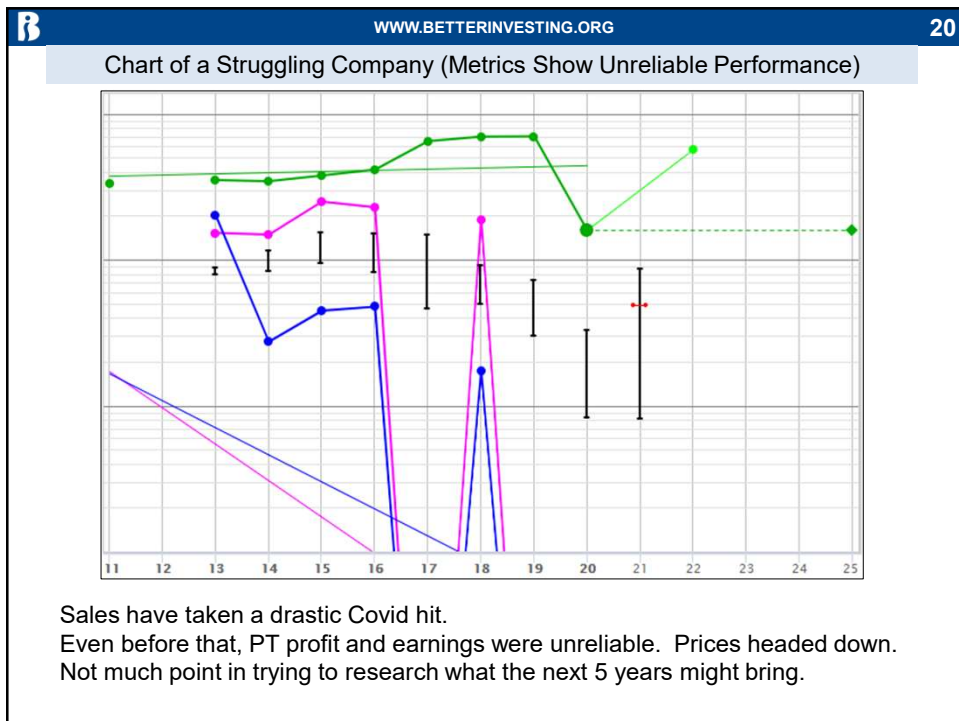


18

Two Local Non-Profits for Investor Education – AAI and BI  
 Marion Michel & Russell Malley

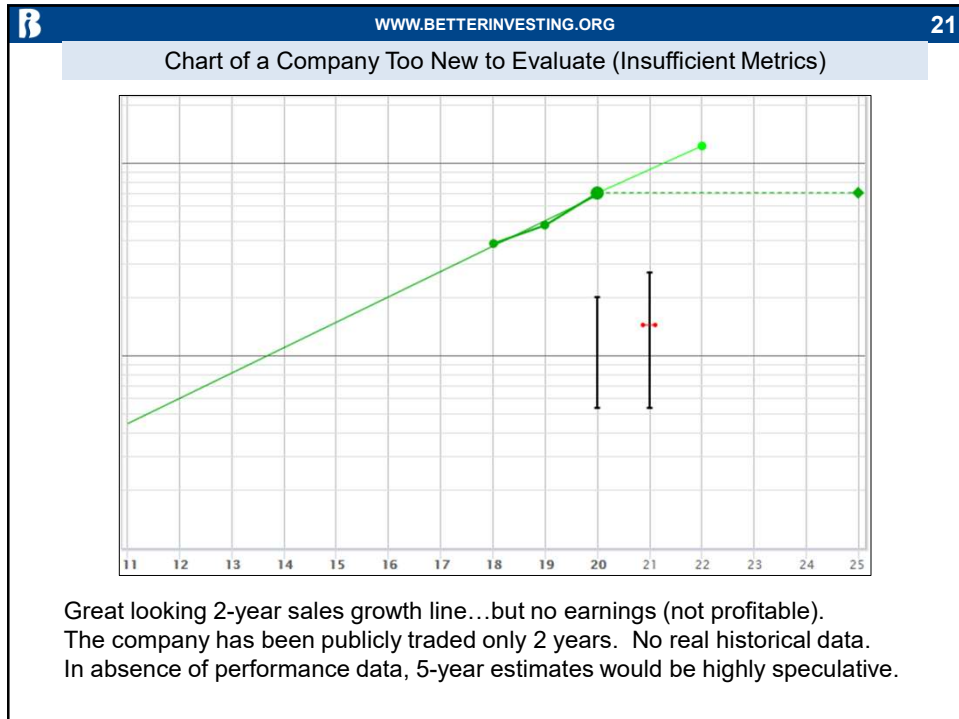


19



20

Two Local Non-Profits for Investor Education – AAll and BI  
Marion Michel & Russell Malley



21

B WWW.BETTERINVESTING.ORG 22

5 Judgments the SSG User Has to Make

1. Sales growth estimate for the next 5 years
2. Earnings growth estimate for the next 5 years
3. Possible high price within the next 5 years
4. Possible low price within the next 5 years
5. Growth of dividend, if any

The stock reports in the **Morningstar and Value Line** online databases **at the library** will help you develop estimates, along with any and all additional reading you can do about a stock you are interested in.

With these 5 estimates, the SSG can generate a potential rate of return for the stock over the next five years.

Will that be 5%, 10%, 15%? If you are a SSG user, your judgments drive the answer.


Clearly, there is more to evaluating a stock than we have shown you here. But it is not rocket science. Common sense and reading count for a lot. Don't buy companies if you can't figure out how they make money. It could be nobody else knows either. Invest in what you understand. Use your library resources and free or subscription information on BI and AAll websites.

22


**B** WWW.BETTERINVESTING.ORG 23


### The “Rule of Five” - A Sense of Perspective

OUT OF 5 STOCKS YOU INVEST IN

One will exceed your expectations 

Three will perform about as you expected


One will disappoint 

We also teach classes on when to sell 

23

**B** WWW.BETTERINVESTING.ORG 24

## Thank You for Coming Questions?



Russell Malley [iclub-ram@comcast.net](mailto:iclub-ram@comcast.net)  
Marion Michel [mar02mic@comcast.net](mailto:mar02mic@comcast.net)

24