

# Maintaining a Successful Investment Club

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## MAINTAINING A SUCCESSFUL CLUB

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## What We'll Cover

- **Four Key Areas to Emphasize**
  - Structure
  - Education
  - Social Engagement
  - Consistent and Systematic Approach to Investment Decisions

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## Defining Success

- **Members feel their time was well spent**
- **Club and members achieve financial success**
- **Members gain confidence in investment skills**

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## Why Bother?

**Wealth, real wealth, now comes from investment portfolios, not salaries.**

**Only about half of American households have any exposure to the stock market, including 401(k)'s and retirement plans, and ownership of the shares of individual companies is clustered among upper-income families.**

The New York Times, September 16, 2018.

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Ted Benna, widely regarded as the father of the 401(k) plan, says the plan isn't working as intended, he said, "We're throwing tons of money away trying to teach participants how to become skilled investors—we said, we are going to make people smart and savvy enough to make the right investment decisions, but it just hasn't worked." The problem with the modern 401(k) is that it offers too many options and it has baffled average Americans who are not savvy at making sound investment decisions.

*Who Stole the American Dream?* By Hedrick Smith

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## ASSESSMENT

- Why are *you* here?
- How is your club doing?

• Recruiting new members
• how to set up a practical watch list
• Informed decision making
• Is it possible to start a multi generational family club that crosses several state lines?
• Getting new members
• What is an effective meeting agenda/style? How do you increase membership?
• Meeting is too long
• How can we generate more new interest in our club

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## Best Practices from Audience

• (1) hyperlink-intensive, multi-purpose agenda/meeting notes document, (2) by-the-numbers portfolio review, (3) archiving
• Commitment
• Google drive for agenda & minutes, online club meeting
• Most investing experts suggest having a benchmark. Helps with diversification and also measuring personal performance.
• Education segment is great
• Monthly monies deposited directly into account at Broker.

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## How ya' doin'?

**Do Club Self Assessment** (handout)

- Knowledge
- Investing experience and confidence
- BI methodology knowledge and experience
- Club participation

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## STRUCTURE

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## STRUCTURE IS YOUR FRIEND

- **Partnership Agreement**
- **Bylaws or Operating Agreement**
- **Officers**
- **Parliamentary Procedure (Handout)**
- **Agenda, Minutes and Communication**

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## Treasurer

- For lack of a nail a shoe was lost...
- Many clubs have failed because the Treasurer quit
  - Don't let that happen
  - Anticipate and plan
- Always have a co-treasurer
- Make the Treasurer job as easy as possible
  - Use Iclub or Bivio software
  - Treat your Treasurer Well -- Meet your commitments
  - Always have a treasurer in training

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## More Structure

- **BI Club Membership**
  - Insurance
- **Annual Internal Review (informal audit) of Records**
- **Use technology during the meetings**

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## EDUCATION

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## EDUCATION

- **The primary purpose of the investment club is to make us better, more savvy, and therefore successful investors.**
- **Learning happens through exposure to theories and information, and thorough experience, and evaluation of that experience**

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## EDUCATION

- **Have an Education Plan**
- **Assign Education Planning to one member**
- **Make Education a permanent part of every meeting**

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## EDUCATION

**Involve all members – There is no better way to learn something than by having to break it down and explain it to others.**

**Invite outsiders to come in and give a short education piece.**

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## EDUCATION

BETTER INVESTING HOME WELCOME TO BETTER INVESTING

LEARNING CENTER FIND GR STOCKS

- Break Down the SSG into small parts. Examine each one as a 10-minute education.
- Attend Chapter Classes, the IEC, and Perhaps BINC, the Better Investing National Convention (next one is May 14-17 in Dallas)
- How to Use the BI website
- Use your BI membership for the Learning Center and Webinars and Recordings of Past Webinars.
- Use My Classes on the BI Website
- Read books

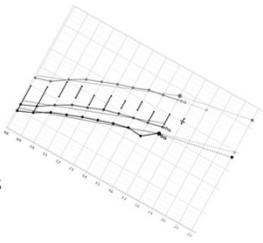
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EVENTS  
STOCKUP  
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## EDUCATION

- Cover the Basics
  - The SSG
  - The SCG
  - The Annual Report
  - Portfolio Evaluation Techniques
  - Available Research Resources
- Go Beyond the Basics – if you have the resources, learn about mortgages, ETFs, interest and financing, bonds, MLPs, REITS. Use the club to further your financial understanding.



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## SOCIAL ENGAGEMENT

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## ENJOYABLE

- **Compatibility with Diversity**
- **Problem People**
- **Socializing options**
- **Retreats, etc.**

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## Diversity

- **Gender diversity and club financial success**
  - **2% Gender Premium**
- **Other Diversity**
  - **Race, religion, nationality**
  - **Vocation & Education**
  - **Interests, hobbies, travel, etc.**
  - **Economic**
  - **Political**
- **You club will benefit from diverse points of view**

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## Dealing with the Problem Person

- **Different kinds of problem people**
  - **Over participation (dominant, domineering, dolt)**
  - **Under participation (unprepared, absent, ambivalent, apathetic)**
  - **Other**
- **Identify what the problem is**
- **Deal with it!**
  - **Procrastination can destroy the club**
  - **It is difficult...but try to find a resolution**
    - **What doesn't break you will make you stronger**
    - **If necessary, Cut Bait**

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## Socialize

- **Some clubs build some social time into the meeting**
  - **Keep it short – with a time limit**
  - **Don't Over socialize (alcohol in moderation only)**
  - **Include food, but KISS**
- **Once a year have a party, field trip or retreat**
- **Make the meeting enjoyable, something people don't want to miss**
- **List of a dozen SPARK ideas**

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## SPARKS

- Read a Financial Book for Discussion
- Invite Visitors – it will up your game
- Dinner featuring Company Products
- Go to an Annual Meeting
- Invite a Chapter Director to Visit
- Have a Club Retreat
- Hold a Joint Meeting with Another Club
- Visit the Model Club and observe

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## SUCCESS

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## INVESTMENT DECISION SUCCESS

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## WINNERS

- A Successful Portfolio will go along ways toward building a successful club.
- You don't have to beat the market...But if you are seriously lagging the market, or losing money look again at how you are choosing your investments.
- Have an investment philosophy.
- Follow it
- Evaluate
- Winners don't quit.

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## How to Invest Successfully?

Investment Philosophy

- Invest Regularly
- Invest in Quality Growth Companies
- Diversify
- Reinvest earnings, dividends and profits

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## How to Invest Successfully

- Use the BI Methodology
- Use the Stock Selection Guide
- Use the Stock Comparison Guide
- Learn to read the 10-Q and 10-K
- Use Stock Study Groups in-between meetings

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## How ya' doin'?

- Do you compare your performance to appropriate benchmarks?
- Do you routinely evaluate your portfolio?
- What makes a good club? (handout)

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## Is Your Club Successful?

- Is your time in the club well spent?
- Is your club doing well financially?
- Are you a *Better Investor* as a result of your club experience?

***Do you have fun?***

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### Take Advantage of Chapter Resources

- Once per year the chapter will visit your club.
  - Email to [contact@puget.betterinvesting.net](mailto:contact@puget.betterinvesting.net)
- Add your club to Visit-a-Club list.
  - <https://www.betterinvesting.org/chapters/puget-sound/visit-a-club>
- Attend the November Investors Education Conference as a club!

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### Questions or Comments?

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