

President's Message

I am looking forward to another great year for our chapter. We hit a chapter milestone this past November with our first in-person social event since COVID! Nine of us made it out to Brio Italian Grille

in Plantation, FL to enjoy good food, company, and conversation. As a "pilot event," it went well. We look forward to planning another in-person event for the chapter. As for another chapter accomplishment, we achieved the First Cut Challenge first place prize, \$200, in the Extra Large Chapter Category. Submitting your First Cut report is a great way for you to share your ideas about your favorite stock picks. Please continue to write up your First Cuts and submit them for other chapter members and the overall BetterInvesting (BI) community to enjoy! Finally, we kicked off our Sin Stock Series with our first topics, Alcohol and Tobacco, and look forward to presenting about Gambling in March. Each session includes a brief industry overview and a detailed stock study, including a review of the spreadsheet used during the Discounted Cash Flow (DCF) series. We remain committed to hosting even more engaging education sessions for our chapter members and the larger BI community. Enjoy the new year, and happy investing!

Sofia Bitela, President and Director, South Florida Chapter



Back Row: Susan Gooding-Liburd, Nick Nikiforos, Lewis Adrian, Christian Posada, Pedro Ross / Front Row: Kim Butcher, Sofia Bitela, Ionnie McNeill, Janice Darlington

BetterInvesting Membership Exclusive Trusted and Valuable Benefits

Support at no cost
one of many membership benefits

Email for Support:
contact@southflorida.betterinvesting.net



NATIONAL ASSOCIATION OF INVESTORS

BETTERINVESTINGTM

Educating Investors Since 1951

South Florida Chapter (SFLC) Newsletter

Winter/Spring 2025

Volume 38, Number 1

The BetterInvesting South Florida Chapter Newsletter is published a minimum of two times a year. The purpose as a nonprofit 501(C)(3) education group is to offer investment education to BI members and non-members, serving the Florida counties of: Broward, Charlotte, Collier, Lee, Martin, Miami-Dade, Monroe, Palm Beach, and St. Lucie.

<https://www.betterinvesting.org/chapters/south-florida>

Sofia Bitela, President and Instructor

Barbara B. Cobb, Editor, Director

Philip "Phil" Keating, CFA (Founding Director, 1987)

Circulation: 675

INSIDE THIS ISSUE

President's Message 1

Elements of Investing 2

Upcoming Events 3

Stepping Stones to Building SSG Confidence 4-5

Business Life Cycle 6

Can Growth Stocks Keep Powering the Market Higher? 7

ELEMENTS OF INVESTING

(Benjamin Graham, author, The Intelligent Investor)

1. You must thoroughly analyze a company, and the soundness of its underlying businesses, before you buy its stock.
2. You must deliberately protect yourself against serious losses.
3. You must aspire to "adequate," not extraordinary, performance.

UPCOMING EVENTS
(Online, FREE and Eastern Times)

Sin Stocks: Alcohol, Tobacco, Gambling, and Adult Entertainment

Consider vice investing (sin stocks) as a point of portfolio diversification. Each session shall explore the industry and LIVE completion of SSG (Stock Selection Guide) for the selected sin stock. Presented by Sofia Bitela **online, 2nd Tuesdays, January to April 2025 at 7:30 pm – 8:30 pm.** [REGISTER HERE](#)

South Florida Chapter Model Investment Club Meeting

Gain valuable knowledge on operating and participating in an investment club.

Monthly meetings held online January to December. The club partners invest their real money in selected stocks and make decisions relating to trimming or replacing stocks in the club portfolio. Join Randall Buss, the President, and his partners as they make real-time stock investing decisions.

Visitors are always welcome to attend and participate in the discussions.

The club meets **online, 3rd Saturday of each month, 10 am–12 pm.** [REGISTER HERE](#)

Learn to Earn

Learn how to complete the Stock Selection Guide (SSG) using the featured Stock to Study from the BetterInvesting magazine for the month of the session. Plan now to make 2025 your year to build confidence in your SSG judgments. You can by attending these sessions. All are encouraged to attend from the novice to the experienced investor. Nick Nikiforos holds the classes **online, 2nd Saturday of the month, January–April, and September–December, 9:30 am–11:45 am.** [REGISTER HERE](#)

Chapter Board Meetings and Planning Meeting

You are invited to witness your Chapter Board at work making plans and discussing outcomes of services to BetterInvesting members and non-members. Join the March 2025 board meeting. See your chapter in action and share your ideas. No registration is required. [JOIN MEETING HERE](#). The Chapter Planning Meeting for the upcoming fiscal year will be held **online, Saturday, May 10, 2025, 10 am–12 pm.** Submit your ideas, suggestions, and recommendations by May 1st to contact@southflorida.betterinvesting.net for discussion at the meeting. Please [join](#) our meeting at **10:00 AM on Saturday, May 10.**

Annual Chapter Elections Meeting

The Chapter Annual Elections Meeting will be held **Saturday, April 5, 9 am–9:30 am** to elect Chapter Directors for the 2025–2026 fiscal year. All are invited to attend. This meeting will be held before the Learn to Earn class. [JOIN MEETING HERE](#). Interested in becoming a Chapter volunteer? If you are, please complete this [online volunteer application](#) and plan on attending the Annual Meeting.

Investor Education Day

The next Investor Education Day will be held in the spring of 2026. Details are forthcoming.



Stepping Stones to Building SSG Confidence

Stepping Stone 1: Making Money – Is the company making money?

The SSG visual shows steady and consistent earnings in revenue, pre-tax profit, and earnings per share (EPS). Seek companies with **HIGH QUALITY GROWTH**.

Stepping Stone 2: Historical Growth – How has company grown in past 10 years?

The historical sales and EPS growth has been steady, and consistently growing annually for the past 10 years.

Stepping Stone 3: Business Cycle – Is the company business cycle at Contraction (decrease) or Expansion (increase)?

Ten years of historical data usually include at least one business cycle (contraction: dip, trough, and expansion: recovery, prosperity). The next 5 years may include another business cycle. Hold this in mind when you make your SSG forecasts!

Stepping Stone 4: High Quality Growth Company – Is it, or not?

The SSG lines are straight, up, and parallel for revenue/sales, PTP, and EPS. Determine if company is selling at a fair price, not overvalued. If it is selling at a fair price, the current P/E is less than the five-year average. If it is not selling at a fair price, discontinue study and select another company to study.

Stepping Stone 5: Company Life Cycle – Where is the company in its business life cycle?

All publicly-traded companies begin as a startup/speculative (publicly-traded five years or less). Then, a purely speculative company as evidenced by little growth and publicly-traded more than five years. Next, is the best investment opportunity; a company with explosive growth, then mature growth. The last business cycles are stabilization and decline. Publicly-traded mature growth companies must maintain growth or the company growth/earnings will decline and the company may decay. Consider the many times Gillette re-invented the razor blade, or of failed businesses.

Stepping Stone 6: Expected Growth Rate – Is the historical growth rate over the past ten years expected for the size of the company?

The annual company sales, not market capitalization, determines the expected growth rate for the company size: small, medium or large. The company size is important in deciding your comfort zone to making your SSG forecasts, and to building a diversified portfolio.

Acceptable Growth Rate

Annual Sales	Size	Acceptable Growth
< \$1 Billion	Small	At least 12%
\$1 B - \$10 B	Medium	7% - 12%
> \$10 Billion	Large	5% - 7%

Stepping Stone 7: Company Size – Is the historical growth expected for the company size: small, medium, or large? The answer to this question is simple, yes or no.

Stepping Stone 8: Consistent historical Growth – Is the growth for the past ten years steady and consistently growing up, straight, and parallel for revenue/sales, PTP, and EPS?

The answer to this question is simple, yes or no.

Stepping Stone 9: Evaluate Management: % PTP on sales is steady or increasing

After determining it is, compare company to the industry and to other companies in the same industry. Industry averages are available at iCLUBcentral and Stock Central.

Stepping Stone 10: Evaluate Management: % earned on ROE (Return on Equity)

Look for ROE to be at least 15% or better. Great companies have ROE at 20 % or better.

Stepping Stone 11: Evaluate Management: Maintains manageable level of debt

Generally, less than 33% of debt to capital is desired. Compare to other companies, its peers/competitors in the same industry. Companies in the financial sector have greater than 33% of debt to capital due to the nature of the banking business.

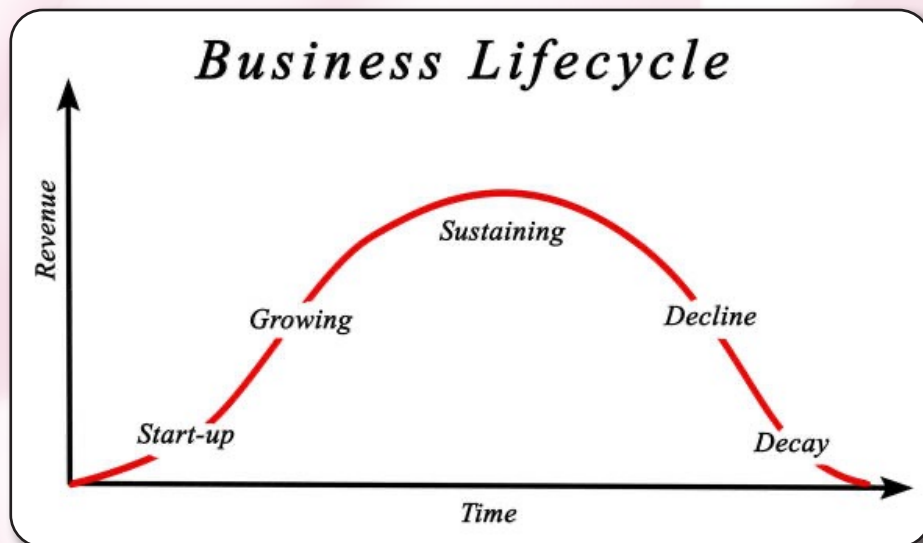
Stepping Stone 12: Can you answer yes to these questions:

1) Is this a high quality growth company? 2) Is it selling at a fair price?

If you can answer yes to these questions, you are ready to conduct the company research and complete your SSG judgments/forecasts:

1. Forecast future growth in sales and EPS.
2. Decide if any P/E ratios in Section 2 are outliers. That is, the ratios are too far away from the average high and average low P/E ratio.
3. Forecast the high price based on your projection of the **average** high P/E in five years.
4. Forecast the low price based on your projection of the **average** low P/E in five years.
5. Determine if the five-year potential return meets your goal. / *Barbara B. Cobb,*

Newsletter Editor, Director



What is the life cycle of any business, and particularly the growth company you are researching?
Give the company life cycle consideration in making your stock forecasts.

START-UP/SPECULATIVE

Company just getting started (Initial Public Offerings, a.k.a. IPOs), no track record of profitability, sales and earnings growth or management's ability in general. Highly speculative.

EXPLOSIVE GROWTH

Profitability, sales and earnings growing rapidly, profit not seriously constrained by competition, new products can contribute significantly to growth.

STEADY GROWTH

Steady or growing profitability, strong and consistent sales and earnings growth although less rapid, serious competition, new products help steady growth.

MATURE GROWTH

Profitability, sales and earnings growing more slowly, new products are less impactful.

BEST INVESTMENT OPPORTUNITY

After company has a minimum of five year track record of producing explosive or steady growth profitability, sales and earnings.

DECLINE

Magnitude of existing sales and earnings make it difficult for new products to contribute to growth, difficult to take advantage of new opportunities, sales and earnings growing slowly and erratically, if at all.

(Source - BetterInvesting eLearning Course: Fundamentals of Stock Investing, page 5)

Can Growth Stocks Keep Powering the Market Higher?

(Morningstar Article,
Sarah Hansen, Feb. 7, 2025)



In the referenced article, the author is raising a concerning question about mega stocks; particularly, the Magnificent Seven. This is concerning being most BetterInvesting investment clubs own the Magnificent Seven and other mega stocks in their club portfolios. Mega stocks are defined as having a market capitalization of \$200 billion US dollars or higher.

As BetterInvesting members, we hang our hats on high quality growth companies. Some mega stocks may deliver the desired straight, up, and parallel lines on section one of the SSG (Stock Selection Guide). If the company does not, as BI members we know to move on to research another company. Protect your portfolio from risk. Is it time for you and your investment club to seriously consider small and medium companies with high quality growth? They exist. The key is a company, small or medium, that is profitable, with steady cash flow and returns as evidenced by fundamental data and excellent management.

There are 56 mega cap companies. These companies have a market capitalization of \$200 billion US dollars or higher. The top 25 companies are: **AAPL, NVDA, MSFT, AMZN, GOOGL, META, TSLA, AVGO, BRK.B, TSM, WMT, LLY, JPM, V, MA, ORCL, UNH, XOM, COST, NFLX, HD, PG, NVO,**

JNJ, and BAC. The symbols in bold were owned by BetterInvesting members in 2023 among others according to the April 2024 BetterInvesting magazine of the *Top 100 Companies Held by Our Members*. The top 100 companies held by BI members in 2024 will be published in the April 2025 magazine.



The Morningstar article offers insightful considerations with performance data. In the article, Ms. Hansen offers these key takeaways:

1. Growth stocks have posted outsize returns for years, but a changing economic outlook and elevated valuations could limit future gains.
2. With the Federal Reserve on hold, higher interest rates may weigh on many growth stocks more than value.
3. The mega-cap technology stocks that make up the Magnificent Seven could continue to be an exception as powerful earnings growth and strong balance sheets have helped them withstand higher rates.
4. Strategists recommend looking for profitable, stable growers that are well-positioned to take advantage of industry tailwinds.

You, BI member, be the judge of your actions to secure your portfolio profitability and lower your risks. Read the article [HERE](#). / **Barbara B. Cobb**, Newsletter Editor, Director



escape the ordinary

IN 2025

Gain investor value.

Build SSG confidence.

Expand investment potential.



SUPPORTING THE MEMBERSHIP

Trusted for more than 30 years

Learn more

contact@southflorida.betterinvesting.net