

The Philadelphia Area Chapter

Newsletter for the Philadelphia Area Chapter of BetterInvesting

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The Philadelphia Chapter of BI Newsletter Spring 2022

President's Corner: Happy Spring to All!

As we view all the beautiful and diverse blooms in nature this season, let us also consider our own portfolios. Are we also diversified with our stock "blooms" in size and sector? It may also be a good time to weed our stock-containing gardens and make room for new growth.

The best to everyone for a blossoming and growing portfolio!

Sincerely,
Marion McLauchlan, President

Congratulations To the Philadelphia Area Chapter Anniversary Clubs

ITT Investment Club	55 Years
Valley Forgers Investment Club	40 Years
Profit Partners Investment Club	35 Years
Women Take Stock Investment Club	35 Years
Pecuniary Investment Club	30 Years
Women of Means Investment Club	25 Years
WIN Investment Club	25 Years
Orchard Investment Group	25 Years
Latimer Ladies Investment Club	15 Years
Jabezladies LLC	5 Years
Mohawk Circle Mutual Investment Club	5 Years

Share buybacks- Companies have been repurchasing their own shares of stock at an accelerating pace over the past few years. Some to accumulate shares for growing annual executive compensation contracts. Some as a defensive strategy to guard against a hostile takeover while others are designed to inflate the share price because management believes the marketplace is undervaluing the company's stock. A reduced supply of outstanding shares will boost EPS and result in an increased demand for fewer outstanding shares. Additionally, share buybacks offer management an effective way to return cash to stockholders.

Warren Buffet explains that share repurchases offer cash distributions to some shareholders that prefer cash while others prefer reinvestment. "Buybacks are advantageous to those staying on." He warns that a poorly managed company will never become a good one just by using buybacks. Berkshire Hathaway vice-chairman, Charlie Munger said at their 2021 annual shareholder conference "a company repurchasing shares of stock just to raise the share price is committing an immoral act."

A 2020 Harvard Business Review article addressed the dangers share buybacks pose to the economy. "Stock buybacks make no contribution to the productive capabilities of the firm". It not only jeopardizes R&D spending but undercuts investment in productivity improvements and "the capabilities of employees." The most significant damage can result by using debt to finance buybacks because there is no revenue generating activity from which to repay it. There are indeed valid reasons for share buybacks, but a company should never jeopardize its ongoing operations or its ability to avail itself to growth opportunities.

Fun Fact – A Blue Chip Stock is a term for financially sound companies of high quality that sell well recognized products such as GE, Microsoft, Intel,

Walmart, Intel, and others. But where did the term "Blue Chip" come from? The term arose from the 1904 poker table where 'blue' poker chips represented something more valuable than red or white.

Value Line- Access to quarterly reports has been available from the Free Library of Philadelphia website using a personal account available free of charge to all Pennsylvania residents. Bucks County Library recently began offering access free of charge to all Bucks County residents. Check your local library for similar services and please consider including your library in your annual gifting plan.

Save The Date 2022 Free Fall Webinars – 7:30pm-8:30pm

September 21, 2022 – Learn How to Build Wealth with Kathleen Richards

October 27, 2022 – Cryptocurrencies: The Good, The Bad, and The Ugly with Bill Wagner

November 16, 2022 – Investment Strategies Before/ During/ and After Retirement with Gary Ball.

Stock Selection Guide Education – Gloria Mankonen will present a live tutorial session on Saturday, June 18, 2022, from 9am to 3pm at the Willow Grove Giant. Fee is \$15.

Event information and registration is always available on our website:

[Local Events](#) | [Better Investing](#)

Additional Information - We submit upcoming event details to our BetterInvesting magazine/Chapter events, periodically send emails to subscribed chapter members and continually update our webpage on the BetterInvesting website.

The Philadelphia Chapter Directors are always looking for new members to help plan and coordinate new ideas and events for our membership. If interested in learning more, please contact Gloria Mankonen at 215-796-1214 or email at contact@philly.betterinvesting.net.