
NAIC LowCountry GA/SC Chapter June 2004 Announcements

Below is information related to the following:

- Special Notes
- Commentary
- Chapter Workshops
- Computer Group
- Upcoming Better Investing Seminars (free) - **June 28**
- Club News
- Volunteer Opportunities

SPECIAL NOTES:

Email Announcements:

Please remember to share our chapter announcements with others who may not be receiving these messages. If you know of others with email who would like to be on this list, please ask them to email sgallemore@georgiasouthern.edu.

Postcards to Clubs:

Please note that only one person per investment club receives the NAIC postcards announcing chapter workshops and activities. This NAIC contact person should share information on that postcard with all club members. Postcards come out a maximum of once per month.

Club Visits:

Chapter Directors would like to visit your club to assist with club operations and provide a brief portfolio review of your club's holdings, to learn of your education interests, and to provide information about other services the chapter may be able to provide, and of course to provide an opportunity for club members to participate in a question/answer session. Please let us know if you would like to schedule a visit: sgallemore@georgiasouthern.edu.

Better Investing Seminars:

If you know of a group that would like a free *Better Investing Seminar* presentation (overview of NAIC investment principles, how to get started investing, information about investment clubs, etc.), please let us know. For more information: sgallemore@georgiasouthern.edu.

COMMENTARY

Sandy Gallemore, Acting President

An interesting article about "enterprise value" came to my attention recently. Although it first appeared about five and one-half years ago, the ideas seem appropriate for today's market conditions. Written by Randy Befumo, it is available on the Motley Fool web site. Supplemental information about enterprise value is available on the Investopedia web site in an article by Ben McClure.

The term "enterprise value" refers to the *true* economic value of a company at any given time; the takeover price, theoretically. EV (enterprise value) is the market cap of a company plus any long-term debt minus cash and equivalents. With data to which we all have access (annual reports, SEC filings, etc.), we should be able to calculate this easily.

So, what does this number mean after we calculate it? Most of the information we hear/read looks at market capitalization. Why might we be interested in knowing the enterprise value? As Befumo says in his article, "Wall Street is many things, but it is not thorough and it is not scientific." And we as NAIC investors want to know just a bit more about our companies than we can learn from the Wall Street gurus. The enterprise value measures what the cost would be if someone wanted to buy the entire company. Continuing to quote Befumo: "Using only market capitalization to value companies is kind of like using the down payment on a house as a proxy for how much a house is worth." Market cap leaves out both debt and cash, so it may be misleading to the investor, as well as to another company contemplating a takeover bid. Knowing the EV of a company may be an important point to consider, since it may alert us to a possible target for a takeover. A company with a particularly low EV may be considered such a good value that another company will want to purchase it. Such a takeover may or may not be good for the individual investor, depending upon the company interested in purchasing our company. Frequently, we are not interested in owning the company wanting to take over our company. Knowing more about the financials of a company that put it in a position of being a takeover target is one more piece of our investment decision puzzle.

Another reason we may be interested in knowing a company's enterprise value, which includes the cash and debt, is that companies carrying long-term debt have, in essence, pledged their assets to cover that debt. In other words, "debt matters." If two companies are being considered for purchase, one without debt and the other with sizable debt, we realize that the one with debt will be spending a hunk of its money on interest payments, rather than on growing the company or rewarding the shareholders with dividends. If we look at two companies, both with no debt and comparable in other ways, we will want to look at the amount of cash the company has. Likely, the one with the most cash available will have the flexibility to make the company more desirable to us. Therefore, looking at the enterprise value of a company may be something of interest to us when doing research on a company.

McClure asserts that knowing the EV of a company in isolation is of limited value. We must use it as a comparison measure. When finding two or three companies essentially comparable, looking at the enterprise value of each may help us make the decision about whether to buy, hold, or sell.

Web sites used in preparing the above comments: <http://www.fool.com> and <http://www.investopedia.com>.

CHAPTER WORKSHOPS

Off-Site Workshops (club sponsored)

Workshop requests: The Chapter is prepared to provide workshops for clubs or other groups of NAIC investors. Requests for a workshop must reach the Chapter at least six weeks prior to the requested time of the workshop. Generally, a full-day workshop or two half-day workshops must be scheduled. For information about workshop topics: sgallemore@georgiasouthern.edu.

Responsibilities of the host: The host must guarantee a minimum of 10 pre-registrations for the day and is responsible for arranging suitable classroom accommodations, including a large screen, podium, and table space for the presenter(s).

Registration requirements: The Chapter must receive the pre-registration forms with fees enclosed at least 14 days in advance of the planned workshop date. Chapter registration forms must be used – see chapter web site: <http://www.better-investing.org/chapter/low-country> or email sgallemore@georgiasouthern.edu for a copy of the form.

CHAPTER COMPUTER GROUP

Please respond to this email if you are interested in assisting with the re-formation of a Chapter Computer Group.

BETTER INVESTING SEMINARS

A Better Investing Seminar, NAIC's free program, is planned for June 28, 7:00 pm, at the office of the Bulloch County Center for Agriculture (151 Langston Chapel Road) Statesboro GA. Contact us for more information: sgallemore@georgiasouthern.edu.

This Seminar, like all Better Investing Seminars, is open to everyone, but especially geared to non-NAIC people. Content of the Seminar includes information about money management and risk, NAIC's key investment principles, reasons to invest in stocks, getting started with a small amount of money, and investment clubs.

CLUB NEWS

The Club News section is a new feature of the Chapter's Email Newsletter. Clubs wanting to include a message in this section of the Newsletter should contact sgallemore@georgiasouthern.edu.

Please note: The Chapter is not able to publish any advertisements for new club members, nor can we publish any requests of individuals who want to join a club.

Should you have a group of people who would be interested in forming a club, please let the Chapter know (you may reply to this memo with that message). We love to help with the formation of new clubs.

Club Portfolio Contest

The LowCountry Chapter is planning to host a club portfolio contest, open to all NAIC clubs in our locale. More information will be available in subsequent email newsletters.

Clubs Currently Welcoming Visitors

Women Investing Now (WIN) Investment Club of Statesboro GA welcomes visitors to most of its monthly club meetings, which are held on the fourth Tuesday of the month. Please contact sgallemore@georgiasouthern.edu if interested in attending.

CHAPTER VOLUNTEER OPPORTUNITIES

The LowCountry Chapter has openings for a few Associate Directors and Volunteers who would like to assist with Chapter operations, publicity for our workshops and activities, teaching workshops, and/or with providing other services to our membership.

Please contact our Volunteer Coordinator, Valjean Stell-Burns, at valburns@aol.com or respond to this email if you are interested in serving as a chapter volunteer. Not only will you be sharing your talents to help others improve their investment skills, but also you will have unique opportunities to improve your own investment knowledge by attending NAIC and Chapter director training programs.