



NEWS

THE
ALABAMA
CHAPTER
IS THE
LOCAL ARM
OF
NAIC

INVESTMENT EDUCATION FOR INDIVIDUALS & INVESTMENT CLUBS

MAY 2004



THE "ENRON" INVESTOR
WHO FAILED TO DO HIS
SSG

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BE AN ALABAMA CHAPTER VOLUNTEER TODAY

AREA VICE PRESIDENTS
 Jeff Gierloff, Huntsville
 256-883-9947
 James Minor, Montgomery
 334-272-4285
 Marvin Eargle, Birmingham
 205-823-5036

ALABAMA CHAPTER YEAR 2004 EDUCATIONAL FAIR

SATURDAY, AUGUST 21 IN HUNTSVILLE

The Alabama Chapter of the National Association of Investment Corp. will stage its 1st Educational Fair on Saturday, 21 August 2004, at the University of Alabama, Huntsville Campus, in the Administrative Science Building. The Program will begin at 8:30AM and continue throughout the day until 4:00PM.

One may pre-register for this event, and learn of future developments as they are finalized by visiting www.better-investing.org/chapter/alabama; or you may contact the Fair Chairperson, Barb Gierloff at phone 256-883-9947. Registration may also be made Saturday morning, the day of the Fair, beginning at 8:00AM in the Administrative Science Building. The fee for this one day event is \$35.00 if registered prior to August 1, 2004; after 1 August the fee is \$40.00, and \$50.00 at the door.

Two companies will be making presentations during the day. These companies are AVOCENT AND SWIFT ENERGY. NAIC workshops and a FINANCIAL PLANNING seminar will be offered during the day. All this is included in the registration fee. You might also be a winner of one of the door prizes awarded during the day.



NAIC NATIONAL CONVENTION

IF YOU HAVEN'T VISITED PHOENIX, ARIZONA, YOU'RE IN FOR A TREAT WHEN YOU ATTEND THIS YEAR'S BETTER INVESTING NATIONAL CONVENTION NOVEMBER 5—7 AT THE POINTE HILTON TAPATIO CLIFF RESORT.

VISIT www.better-investing.org/biconvention for more information about the area and about the NAIC Convention.

TRIVIAL INFO FOR THE INVESTOR

It takes an estimated \$800 million to bring a new drug to market. Wow.....no wonder drugs cost so much!

Business Week, 11/07/03

China was the eighth largest cosmetics market in 2002 with \$46 billion in sales, rising disposable incomes cited.

Washington Times, 12/18/03

European exports account for a fifth of the region's economy, twice as much as in the U.S.

Bloomberg, 1/19/04

During the last two quarters of 2003, the U.S. economy expanded at a better than 6% annualized pace. This is almost double the long-term average rate of economic growth and a pace that has not been seen in 20 years.

Legg Mason "PRIVILEGES", Spring 2004

Consumer price inflation remained low in December, 2003, rising 1.9% from a year ago. Meanwhile, the GDP core deflator for personal consumption expenditures, a broad measure of inflation, rose just 0.7% in the fourth quarter from the previous year.

Legg Mason "PRIVILEGES", Spring 2004

HISTORY OF THE ALABAMA CHAPTER CHAPTER CELEBRATES 10TH YEAR

March 2004 marked a milestone for your Alabama Chapter. In 1994, after many meetings, planning sessions and submitting documentation, we were at last, named an NAIC Council, or Chapter, per new terminology.

Although Alabama had more than 90 NAIC investment clubs and over 3,000 NAIC investors at this time, the nearest NAIC Chapter was in Atlanta. Few Alabama investors had the time to travel regularly to Atlanta to take advantage of the training and programs that were available there, so some Alabama investors concluded we should have our own Chapter.

In November of 1993, spearheaded by the efforts of Mark Welsh, a number of Alabama NAIC members held an organizational meeting in Birmingham. Karen Glidden, then Director of Member Services of NAIC, met with the group and outlined the duties of a Chapter and the procedures for applying for a chapter. The turnout was impressive. Participants included investors from Huntsville, Gadsden, Anniston, Montgomery, Tuscaloosa, and Birmingham. Ms. Glidden said "it was one of the best attended NAIC organizational meetings" she had visited. She said if our level of interest was sustained, we would be a successful Chapter.

In December the group met again to establish guidelines for Chapter, apply for a Chapter and elect Directors. The first general meeting was held in January 1994. The new Directors were introduced and the first program was *Starting an Investment Club*. In March we received our Charter and our Directors became eligible for NAIC training. Bob Lewis was named Chapter President.

BIRMINGHAM INVESTMENT CLUB

[This article taken from the 9 April 2004 issue of *THE BIRMINGHAM NEWS*]

A few weeks ago two members of the Lakeshore Investment Club of Birmingham appeared on CNBC. Here, the two members talked about their success as an investment club formed 40 years ago by Samford University professors. These two men, Ruric Wheeler and Leven Hazlegrove emphasized the benefits of following the NAIC way of making investment decisions.

The stock holdings of the club generated a return of 33 percent last year ranking it among the best performing investment clubs in the nation and winning the NAIC top honor for clubs in Alabama. One success in selecting stocks is Abbott Labs which has increased 1,687 percent since it was purchased in 1992. Since its founding 40 years ago, the club has reaped a compound annual gain of 11.4 percent.

The value of the club's portfolio is approximately \$700,000.00, making it the second largest club in Alabama. The largest club is made up of retired Alabama Power engineers. The value of their portfolio exceeds a million dollars. Family Investment Club of Camden, Alabama used to be the third largest in value with a value currently over \$200,000.00.

These investment clubs are mentioned herein because they follow NAIC principles. During the bull market days of the 1990's clubs were formed in great numbers but they didn't last because the clubs did not adhere to the NAIC principles. Mr. Hazlegrove said the market should encourage folks to join investment clubs because they are a cheap and easy way to invest rather than going it alone. Clubs are a good place to learn how to make better investment decisions.

Individuals may contact a director or officer of the Alabama Chapter of the National Association of Investors Corp. to learn how to form an investment club or may go the Web Page, through www.better-investing.org.

CLUB PERFORMANCE SURVEY

Alabama Investment Clubs are invited to submit a copy of their club's portfolio to NAIC Investment Club Performance Survey along with certain other data for an evaluation as to how your club preformed in relation to other Alabama clubs.

The deadline for submitting your entry is June 10, 2004. A fee of \$4.00 is required for each entry payable to Investment Club Survey. Mail your entry to NAIC, P O Box 220, Royal Oak, MI 48068. This survey will tell how your club compares to the success of other Alabama clubs and nationally. Those who enter the survey will receive a certificate showing the results of the survey.

THE PEG RATIO.....

The PEG Ratio is an useful tool to determine if the stock price of a company is undervalue or over-value.

Simply stated, PEG Ratio is the P/E Ratio divided by the Growth Rate. Some analyst believe this ratio provides a more complete story than just the P/E Ratio alone.

A PEG Ratio for a company stock with a value of 1 or less is considered good for this indicates value at par or undervalued, whereas a ratio greater than 1 is considered poor or overvalued. A stock with a PEG Ratio less than 0.5 is generally thought to be of excellent value.

A company stock with a P/E Ratio of 25 and a Growth Rate of 20 would have a PEG Ratio of 1.25. Such an issue would be deemed overvalued.

A company with a P/E Ratio of 30 and a Growth Rate of 40 would have a PEG Ratio of 0.75 and considered under valued.

Investors have always looked for stocks with a low P/E Ratio as an undervalued bargain. A closer examination may show the Growth Rate may not justify it's P/E Ratio. The stock (example above) with a P/E Ratio of 30 may be a better bargain since its PEG Ratio is 0.75 thereby indicating its undervalued with greater potential price growth. In other words, the lower the PEG Ratio, the better investment value because the investor would be paying less for each dollar of earnings growth.

CHAPTER OFFICERS.....

Chairman Emeritus:	Bob Lewis
President:	Don Wiginton
1st Vice President:	Marvin Eargle
2nd Vice President:	Jeff Gierloff
North Area VP:	Barb Gierloff
Central Area VP:	Marvin Eargle
South Area VP:	James Minor
Secretary:	Alice Lawler
Treasurer:	James Minor

**ALABAMA CHAPTER NEW\$
EDITOR**

**BOB LEWIS
212 BROAD STREET
CAMDEN, ALABAMA 36726
334 682 5291**

THE PURPOSE OF THE *NEW\$* IS TO KEEP YOU INFORMED ABOUT UPCOMING CHAPTER PROGRAMS, SEMINARS, DIRECTOR MEETINGS, ACTIVITIES OF ALABAMA INVESTMENT CLUBS AND MEMBERS AND TO PRESENT USEFUL ARTICLES FROM *COUNCIL LORE, BETTER INVESTING* AND *BITS*..

TELL US ABOUT TOPICS THAT INTEREST YOU OR YOUR CLUB AND EVENTS OR PROGRAMS YOUR CLUB IS PLANNING. THE EDITOR WILL TRY TO PUBLISH ITEMS OF INTEREST.

NEED HELP

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**NEED ASSISTANCE IN ORGANIZING A CLUB?
A SPEAKER FOR YOUR MEETING?**

**CALL DON WIGINTON
205-967-5907**

OR ONE OF THE AREA VICE PRESIDENTS

REGISTER EARLY FOR THE EDUCATIONAL FAIR

**ALABAMA CHAPTER
P O BOX 660605
BIRMINGHAM, AL 35266**

TO:

MORE TRIVIAL INFO

From David L. Babson comes the statement *The successful long-term investor avoids being over-influenced by the emotions of the day.*

When it comes to the market, the statement, *If it's gone down this much already, it can't go much lower.* Personal experience tells me it **CAN GO LOWER.**

A lot of people chase the hot money and buy the wrong fund just because its short-term performance is strong, so states Christ Cooper, a Certified Financial Planner in Toledo, Ohio.

READ *BETTER INVESTING*

Your *BETTER INVESTING* magazine is a source of good, down to earth investment ideas. You should read the magazine from cover to cover and then apply the ideas contained therein.

For instance, the June 2004 issue reports on a stock to study....*BED BATH & BEYOND INC.* Remember, NAIC makes no stock recommendations.....only suggestions for investors to examine and make their own decisions. The same issue also reports on what other investment clubs are buying and selling. Of the reported sampling about 450 transactions were made in a two-month period ending March 31, 2004. You too can report on your club's activity by visiting *manifest@better-investing.org*.

Ken Janke, Sr. reports in his article, "*WENDELL'S THREE QUESTIONS*" the following : WHILE THE PRESS SEEMS TO CONCENTRATE ON SHORT-RANGE ECONOMIC NEWS, THE LONG-RANGE FORECASTS ARE MUCH MORE IMPORTANT TO INVESTORS.

www.better-investing.org



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