

National Association of Investors Corporation

"Investment Education Since 1951"

Chapter Hotline: (718) 856-8462

Computer Group Hotline: (212) 533-6972 (INV)

NAIC Web Page: <http://www.better-investing.org>

NY Chapter E-Mail: NYNAIC@better-investing.org

NAIC NEW YORK CHAPTER NEWS

PROVIDING A PATH TO SUCCESSFUL INVESTING

Save This Newsletter
for Future Reference

Volume 9 Issue 1
September, 1999

NEW YORK CITY 1999-2000 MEETING CALENDAR

Where: Fashion Institute of Technology (F.I.T.)
27th Street at 8th Avenue
Bldg. A – 8th Floor

When: Third Tuesday of month

What: 6:15 – 7:15 pm
Investor Education Seminar
7:30 – 8:45 pm
Model Club Meeting

Hotline: (718) 856-8462

■■■ INVESTMENT TOPICS

1999

- 9/21** Double Program: NAIC's *Investor Advisory Service*; Preparing for the October Investors Fair®
- 10/19** Using the Internet for Investing: Douglas Gerlach
- 11/16** When to Sell the Turkeys: Panel Discussion, Q & A
- 12/21** Investing in Timely Industries: Retailing

2000

(Meeting format changed, see *President's Message*, opposite)

- 1/18** Investment Opportunities in the New Year
- 2/15** Doing the SSG on Toolkit (NAIC software) with Advanced Judgment (Demonstration/Discussion)
- 3/21** Studying Stocks with Annual Reports
- 4/18** Making the Most of *Value Line* Research
- 5/16** Researching Stocks with the One-Page Quick Analysis
- 6/20** Mutual Funds vs. Investing in Individual Equities: Panel
- 7/18** Using Asset Allocation to Reach Your Goal
- 8/15** Beyond the Basics: Red Flags Signal Caution

PRESIDENT'S MESSAGE

by Phyllis Pawlovsky

As a result of much effort over many years, the National Association of Investors Corporation (NAIC) has now achieved non-profit IRS status. One of the changes is that the Councils are now called Chapters.



Elections are over and I am pleased to introduce you to your new Executive Committee. I have been re-elected to a second term as your President. I am joined by three Vice-Presidents: Monica Noel (Membership), Yvette Wright (Administration) and Rosemary Hassett (Education), as well as Stephen Beer and Joan Ford who continue as Treasurer and Secretary, respectively, and Avi Horwitz, our new Recording Secretary.

It is with great pride that the NY Chapter announces that Monica Noel, NY Chapter Membership Vice-President, is the third quarter recipient of the distinguished O'Hara Award (for her ten years of dedicated service to NAIC). In addition, Monica has been elected to the NAIC National Board as an Associate Director. Three NY Chapter officers, Monica, Stephen Beer, and I, now represent you on NAIC national boards.

Our big news for this year is the upcoming Investors Fair® on Saturday, October 23, 1999. (See page 4 for the article detailing this exciting event.) In addition to five corporate presentations and corporate exhibitors, the keynote speaker will be Cheryl Scarborough

of the Securities & Exchange Commission (S.E.C.) There will also be seminars for all levels of investors.

Also scheduled for 1999 are Beginner, Intermediate and Advanced Investment Education classes in New York City, Long Island, Staten Island, and Westchester. For a registration form, you may call the hotline at 718-856-8462 or send an e-mail to silverjet1@aol.com or PGP106@cs.com, or it may be downloaded from the New York Chapter Home Page at http://www.better-investing.org/regions/new_york.html.

To celebrate the New York Chapter's 10th anniversary, there will be a change in format of the monthly meetings at F.I.T beginning in January, 2000. At each meeting, there will be three concurrent seminars: one for guests, beginning investors and new members; a second, a "Club Clinic" for those who need help in starting or running a club; and a third, focusing on intermediate and advanced investment issues.

The monthly Computer Group meeting (see page 2) just keeps getting better. It is the perfect place to try out your Stock Selection Guide judgment and presentation skills with guidance from caring NAIC teachers.

I invite you to support the NY Chapter by attending meetings and events, signing up for an investment education course, or volunteering your energy, skills and time. Use your imagination – notice what's missing, volunteer to help further investment education in New York. Let's make it happen together. Remember to check the NY Home Page on NAIC's Website at http://www.better-investing.org/regions/new_york.html.

DIVISION MEETINGS

■ LONG ISLAND – (718) 527-6954

Where: St. James the Just, 858 Roosevelt Avenue, Franklin Square, NY

When: Last Tuesday of month, 7:30 pm

What: Timely investment issues; Model Club meeting with stock presentations.

■ WESTCHESTER – John Wahlers: (914) 748-5887

Where: Marymount College, Tarrytown – Library Lecture Hall

When: Monday, October 4 – *Screening for Stocks with Value Line*

Thursday, November 18 – *Starting and Running an Investment Club*

Call for meetings December and forward. All meetings begin at 7:30 pm.

COMPUTER GROUP MEETINGS

A Joint Venture of NAIC and NYPC

Where: Microsoft Corp.
825 8th Ave at 49th Street
(At 8th Ave.), 18th Floor

When: Second Friday of month
6:15 p.m. – 8:15 p.m.

Call the NYPC Hotline:
(212) 533-6972; 3-letter code (INV)
for meeting notices and updates.

Would you like to meet in a congenial, informal environment with a group of like-minded computerized investors to continue your investment education?

At most meetings, we will be studying and comparing companies in a single industry, using NAIC computerized investing tools and techniques. We will learn to add judgment, based on company history and projections of future growth of sales and earnings. All discussions are applicable to those who study stocks with or without a computer. Guest speakers will demonstrate a variety of investment software.

1999/2000 Calendar

September 10 – *Computer Software*
October 8 – *Vector Vest software demonstration*
November 12 – *Toiletries/Cosmetics*
December 10 – *Home Appliance*
January 14 – *Telecom Equipment*
February 11 – *Educational Services*
March 10 – *Entertainment*

There is no charge and everyone is welcome...

NAIC and New York Personal Computer Users Group (NYPC) sponsor these meetings. If you are interested in using a computer to enhance investing, join the NYPC, a computer-education resource that benefits both novices and experienced computer users. In addition to free Special Interest Group meetings each month, reasonably priced classes are available, ranging from introductory to advanced topics. For more information call (212) 984-0626.

HANDS-ON COMPUTER COURSES COMING IN JANUARY

The New York Chapter will be sponsoring several three-hour hands-on workshops on the Investor's Toolkit 3.0, the NAIC's official stock evaluation software, and Club Accounting on Saturdays and Sundays in Manhattan.

Computer users who are interested in obtaining more information should e-mail Phyllis Pawlovsky at PGP106@cs.com.

COMPUTER CORNER

Point. Click. Invest!

by Douglas Gerlach

Online trading is just the tip of the iceberg – the Internet offers virtually everything you might need to build and manage a portfolio of stocks and mutual funds. Whether searching for potential investments, analyzing data, making the purchase, or managing your current portfolio, you can find tools and sites on the Internet to give you an extra edge. Even better, much of it is free!

Finding Potential Investments

On the Internet, there are virtual communities of investors who use message boards to communicate. Many of the participants in these groups happily share their best stock tips, and at times offer helpful advice about particular strategies and resources. Contrary to popular belief, most of these groups offer honest, intelligent discussions (although you should always verify any information you receive, online or off, before investing).

Silicon Investor (www.techstocks.com) is devoted to technology stocks. The **Raging Bull** (www.raging-bull.com) provides specific message boards for thousands of stock discussions and the **Armchair Millionaire's** message boards (www.armchairmillionaire.com) help beginning investors with a clear, unbiased and sensible approach to investing.

Investors can use a number of screening applications on the WorldWide Web to reduce the universe of potential investments. Hoover's **Stock-Screener** (www.stockscreeener.com) allows users to search for stocks that meet their criteria. You can sort the results in any fashion, and links are provided to research on the site, too. **MarketGuide's** NetScreen (www.marketguide.com) is another screening tool with some more advanced options.

Acquiring & Analyzing Data

One of the most exciting developments for stock investors has been the emergence of sites on the WorldWide Web that provide fundamental data.

Rapid Research (www.rapidresearch.com) is free, and the company reports are quite detailed, with five or six years of data available.

Many investors have come to depend on the Security and Exchange Commission's EDGAR project to retrieve quarterly 10-Q and annual 10-K filings for public companies. All public companies are required to make these and certain other filings electronically, and investors can download the reports from the SEC's website (www.sec.gov) 24 hours after they have been received by the Commission. But **FreeEDGAR** (www.freeedgar.com) aims to make it easier and faster for individuals to access EDGAR filings. Their website allows users to search through the company's real-time database of company filings, and display multiple years or quarters on a single table.

Investors with a more technical approach to the market may appreciate the free Java-based charting application created by **ProphetChart** (www.prophetchart.com). Traders can customize

their own charts on over 5,000 stocks with a variety of technical indicators and time periods.

Making the Purchase

Over one hundred discount brokerage firms now offer online trading via the WorldWide Web. Commissions for stock trades on the Web typically range from \$7 to \$30, and the selection of research, market commentary, and other services available from each firm are widely divergent. Investors should shop around to find the online broker that best fits their own needs and budget. A good starting point when selecting a broker is **Invest-O-Rama's** directory of brokers on the Web (www.investorama.com)

Managing a Portfolio

Many sites include portfolio-tracking programs. Investors enter the names and number of shares they hold, and can then access instantly-updated quotes, news, charts, and valuations throughout the day. **Yahoo! Finance** (quote.yahoo.com), from the leading Web directory Yahoo!, offers a free portfolio manager that provides current trade and volume information for a basket of stocks. In addition, investors can click to access charts, headlines and complete news stories from the past several months, company profiles, earnings estimates, and links to SEC Filings for that company.

Taking a different approach to keeping investors up to date is **InfoBeat's** free Closing Bell service (infobeat.com) that sends each day's closing prices for up to two hundred securities to your e-mail address. In addition, the service includes summaries of relevant market-making news stories, with links to the full text articles on their website. Closing Bell also sends alerts during the day. An attached file includes price information in a format ready to be imported into Quicken or other financial software programs or spreadsheets.

Douglas Gerlach, the NY Chapter's speaker in October for "Using the Internet for Investing", is the publisher of Invest-O-Rama! (www.investorama.com), a popular website for investors, as well as the author of Investor's Web Guide: Tools and Strategies for Building Your Portfolio and The Complete Idiot's Guide to Online Investing. He is also editor of Armchair Millionaire (www.armchairmillionaire.com) and a Director of the NAIC Computer Board.

What is The New York Chapter of NAIC

The New York Chapter is the chartered local arm of the National Association of Investors Corporation. The organization, run by volunteers, exists to help club members or individuals learn about investing in common stock.

This Chapter helps clubs and individual members learn sound investment practices with NAIC® educational aids by sponsoring investment classes, events, and workshops. Other Chapter activities include helping individuals form new clubs and aiding club treasurers in adopting NAIC accounting practices.

To communicate with NY Chapter Directors or to request information, send an e-mail to NYNAIC@better-investing.org.

Educate, Empower, Enrich Yourself... the NAIC Way! You Can Do It!

by Doris Schreiber
Secretary, Model Club #1,
New York Chapter NAIC

Become an informed investor using the time-tested principles of the National Association of Investors Corporation (NAIC). NAIC is a non-profit educational organization whose sole purpose is to give you the tools and understanding to invest wisely in growth stocks.

There's no smoke or mirrors to this method, nor is it a get-rich quick scheme, either. NAIC members are long-term investors; in fact, day trading, so popular now, is the exact opposite of the NAIC style. By disciplined investing, based on sound principles and practices, and especially, working with your peers in an investment club that you may form with friends, co-workers or family, you, too, will be successful in learning to invest in common stocks and mutual funds.

What is this NAIC method? First, NAIC teaches us to look at a company's five-year history to determine whether it's a sound and fast-growing company. We look to see

whether sales and earnings have been growing at a steady rate and whether the pretax profit is increasing. We want to know if the company is a leader in its field, a new company with rapidly increasing market share or an older more established company that we would expect to be growing at a slower pace. If you think this kind of analysis is only for experts, you're wrong. You, too, can learn to do it and make intelligent investment decisions.

The NAIC teaches its proprietary stock analysis system through lectures, observations and classes staffed entirely by knowledgeable volunteers and offered throughout the greater New York area. In addition, everyone is welcome to attend Model Club meetings. (Model Clubs are real investment clubs where members invest together following NAIC principles.)

The NY Chapter sponsors two Model Clubs that meet 7:30-9 PM (after the Chapter meetings) the third Tuesday of every month at FIT in Manhattan (see page 1 of this newsletter for details). Their purpose is to provide a supportive environment where members can learn how to research and analyze companies and present their findings for review by the club membership. The Model Clubs include experienced as well as newer members; the more experienced members mentoring newer members.) Model Club members invest a minimum of \$20 per month; membership is highly prized and there is a waiting list for new member places.

As of July, 1999, Model Club #1, which was started in 1989, had 37 members, and was invested in 18 companies for a total portfolio value of more than \$73,000. At the same time, Model Club #2, which was formed in 1996 to accommodate newer members seeking to join a club, held 20 equities and was valued at \$60,000.

The NY Chapter also sponsors a monthly Computer Club (jointly with the New York Personal Computing Club Special Interest Group/Investing) where stocks are analyzed on the computer using a variety of software and where NAIC principles are put into action each month through the "Stock to Study" feature in that month's *Better Investing* magazine, the NAIC's official monthly publication. Representatives of computer hardware and software companies, such as Microsoft and Intel, make presentations of their products. It is not necessary to own a computer or even to be computer-savvy to understand and profit by the discussions.

The Computer Club, because of the way it is organized, cannot invest real money and is, therefore, even more of a laboratory for learning to invest without risk. However, accurate records are kept of every would-be purchase and the Club functions exactly as it would if real money, rather than "mock" money, were being used.

Fall is a time for new beginnings. If you are not entirely happy with the state of your investing knowledge, or if you'd like to expand your horizons, make new friends and have people to talk to about investing, start now by taking advantage of the opportunities the NY Chapter offers. Come to the Chapter meetings, observe or put your name down on the waiting list to join a Model Club. You'll be glad you did.

■ Attention Investors

NAIC forms, manuals or supplies are available through the New York Council by calling Al Clarke, (718) 525-7563 or you may order direct from NAIC in Madison Heights, Michigan (248) 583-6242.

!!Youth Investing is Coming to New York!!

IMAGINE ... how your life could have been different if as a teenager...

- ➔ you had started investing on a regular basis, reinvesting all of your earnings (dividends);
- ➔ you had invested in top quality growth companies and built a well-balanced, diversified portfolio.

Learn about the NAIC **Youth Investing Program**. Prevent another generation from saying "If only I had known!"

If you would like to participate in the **Youth Investing Program** in New York, let us hear from you. We are especially looking for young adults ages 13-17, who are interested in or already involved in investing, as well as educators and parents. Please call Kathleen Harper at 212-750-8931 or e-mail younginvestors@harpervision.com.

Investing Wisdom

The following have been collected by the editors and excerpted from I-Club postings. The I-Club is an online investment forum exclusively for NAIC members. It can be accessed at the NAIC website, www.better-investing.com.

New Jersey Chapter's **Joe Smith** suggests that, as a quick screening method, investors should look at the current price in the latest *Value Line* edition and if the 5-year forecasted high price isn't at least double today's price, flip the page, regardless of the "story"

or current "hype" about the stock. Joe says this prevents wasting too much time on the ones that don't seem to meet minimum standards.

Cy Lynch, Vice President of the Atlanta Chapter and winner of the 1998 O'Hara Award, says he "rarely" estimates sales or EPS to grow faster than 15% and never estimates them to grow faster than 20% because:

1. EPS growth over the last 70-75 years has averaged about 10-11%. Thus a company growing at the rate of 15% is well above average and one growing at 20% is exceptional.

2. Company growth slows as companies mature in their "life cycle." Based on 20-plus years of investing experience, Lynch feels comfortable with that 15-20% range being the top end of what is sustainable over the long term by exceptional companies.

And now a quote from **Peter Lynch**, legendary former manager of Fidelity's Magellan Fund: *Spend at least as much time researching a stock as buying a refrigerator. We say: Start now doing your "homework" the NAIC way!*

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c/o Jack C. Rodolico
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Fact and Fun-Filled Investors Fair® Coming to NYC October 23rd

by Avi Horwitz
NY Chapter NAIC Investors Fair®,
Co-Chair

Are you looking for a day filled with investor education, company presentations, workshops, club clinics and more? **SAVE THIS DATE – Saturday, October 23, 1999** – because The NY Chapter Investors Fair® is coming.

There will be presentations from our five corporate sponsors: **AFLAC Inc., Dana Corporation, OM Group, Inc., Lucent Technologies** and **Synovus Financial Corp.** With such an impressive line-up, this year's Fair is shaping up to be one of the New York Chapter's most exciting events ever! Each of the five companies will present their story for your consideration. NAIC investors tend to hold for the long term and are loyal shareholders. Therefore, many companies are eager to meet and talk to NAIC investors whom they see as a stabilizing influence on their stock's performance. In addition to sponsors, the exhibition hall will showcase **Ambac Financial Group, Inc., AMCOL International Corporation, B/E Aerospace, Inc., Bell Atlantic Corporation, Diebold Incorporated, E'town Corporation, Nokia Group,**

Periphonics Corporation, Quanex Corporation and **Texaco.** The Exhibit Hall offers a wonderful opportunity to talk to the Investor Relations representatives from the participating companies.

During a buffet lunch, you will hear our keynote speaker, Cheryl Scarboro from the Securities and Exchange Commission, a truly knowledgeable and exciting speaker.

The afternoon will offer seminars for every level of investment experience, presented by special guest lecturers. Check your Fair brochure for details. There are several "one of a kind" workshops that should not be missed by investment club members, "newbies", and more experienced investors. These sessions will be pre-registered. As there is limited space available – **REGISTER EARLY.**

For a truly affordable price with discounts for three or more club members, you get all this and more – Contests, Door Prizes, Continental Breakfast and a Buffet Lunch.

So what should you do to make the most of this wonderful event? Prepare! Be armed with relevant questions to ask the knowledgeable Investor Relations representatives from the 15 companies who are sponsoring and exhibiting at the Investors Fair®. Take advantage of this opportunity for investment education sponsored by your Chapter.

Watch for our Investors Fair® mailing and remember to register early.

Invest in Your Chapter: It's Rewarding!

by Yvette Wright
Director of Volunteers,
NY Chapter

As members of NAIC and as members of local investment clubs, many of us have carved out portions of our earnings to invest in the stock market. And surely, if you are adhering to the principles of the NAIC, you know and appreciate that even a small investment in the market, can result in great rewards in the future.

The same payoff is true of volunteerism. Your contribution as a volunteer in the NYC Chapter can have a great impact on the organization's success. Volunteerism can take many forms: members can assist in mailing newsletters and announcements, conducting an activity, writing an article for this publication, or making a suggestion for a program. Did you know that there is even a need for people to retrieve messages from the chapter's voice mail system? And, no contribution is considered small – even an hour can make a big difference.

Look around you; indeed there is a need for your help. Help us serve the needs of our Chapter members. Choose to invest in NAIC. Volunteer!

For more information, please contact Yvette Wright at 718-399-2280.

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