

2 – Get Them on Sale

Intrinsic Value: The actual value of a company based on all aspects of the business. This includes both tangible and intangible factors. This value may or may not be the same as the current market value.

The goal is finding investments where the true value of the investment is different from its current market value. When the value of a company is higher than its current market value, it is considered to be “on sale.”



Notes: _____

3 – Follow Big Money

Institutional investors such as hedge funds, insurance companies, mutual funds, etc. can move markets. We want to know what the Big Money is doing.

“Chimp '99 champ! Makes monkey of Wall Street” headline in Market Watch said “The chimpanzee won. And big. He didn't just beat all Internet and technology funds. He beat all 10,000 mutual funds. Raven the chimp is now Raven the Champ!”

A chimpanzee throwing darts at a dartboard beat out 10,000 mutual fund managers for two years in a row.



Notes: _____

4 – Track the Insiders

“There’s no better tip-off to the probable success of a stock than people in the company are putting their own money into it.” – Peter Lynch

Knowing what the insiders are doing is an important indicator of the health of a company.



Notes: _____

4 – Track the Insiders (cont'd)

“Our performance has never been stronger; our business model has never been more robust; our growth has never been more certain...”

– Enron’s Ken Lay in an email to all employees 8/14/01

He was simultaneously selling his stock!!



Notes: _____

Buy & Hold vs. Informed Investor - Research In Motion

- Buy & Hold –
 - In 03/17/2008 at \$104.94
 - 7/20/12 at \$6.77
 - 93.50% Loss
- **Investment = \$100,000**
- **Result = \$6,500.00**
- Informed Investor –
 - 03/17/08 – In \$104.94
 - 07/07/08 – Out \$109.79
 - 08/18/08 – In \$131.45
 - 09/15/08 – Out \$103.44
 - 03/30/09 – In \$59.29
 - 05/03/10 – Out \$64.92
 - 10/25/10 – In \$56.92
 - 03/21/11 – Out \$56.89
- **Result = \$90,838.62**



Notes: _____

Buy & Hold vs. Informed Investor - Apple

AAPL (Apple Inc)
Jul 20 2012 12:00:00

Price History Moving Average 30



Apple trended upward for the 5 years.

Notes: _____

Buy & Hold vs. Informed Investor - Vanguard Emerging Markets ETF

- Buy & Hold –
 - In 01/07/2008 at \$46.46
 - 7/23/12 at \$38.42
 - -17.30% Loss
- Investment = **\$100,000**
- Result = **\$82,700.00**
- Informed Investor –
 - 01/07/08 – In \$46.46
 - 06/09/08 – Out \$43.74
 - 12/29/08 – In \$23.52
 - 02/01/10 – Out \$36.05
 - 01/17/12 – In \$41.70
 - 05/07/12 – Cur \$40.28
 - Result = **\$139,397.37**



Notes: _____

What's Next?

Learning = Earning

Next steps to take today:

Enroll in Explode Your Profits
Stock Trading Program



Notes: _____
