

One Year On: Top Tips for Starting and Sustaining an Investment Club

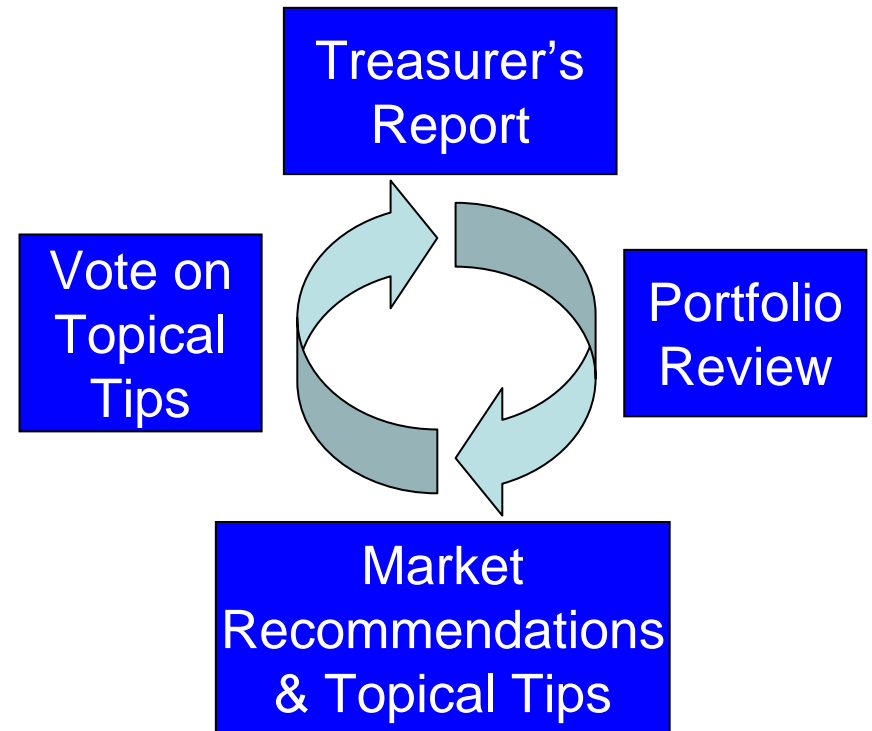
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Introduction

- Recap – Advice from the 1st conference
- One Year On...What Happened Next?
 - Case Study
 - Feedback from participants
- Top tips for starting and sustaining and investment club
- May you live in interesting times

Recap - Advice from the inaugural conference

- Tip 1 Plan ahead
- Tip 2: Make the whole greater than the sum of the parts
- Tip 3: Adopt a Structured Approach to investing



Recap - Advice from the inaugural conference

- Tip 4: Learn from experience
- Tip 5: Innovate
- Tip 6: Enter competitions
- Tip 7: Make your Club sociable



What happened next?

- Case Study from Mike Evans of the Millennium Materialists Investment Club
 - Stop Losses
 - Sector Analysis
 - Attendance
 - Competitions



The Blades:
Making order out of chaos

Case Study – Stop Losses

- Better use of trailing stop losses, which has been very relevant this year and has limited our losses and consequently we are mainly in cash at present
- Stop losses aren't fool proof as sometimes a share can be taken out with a temporary downward spike during the day

Case Study – Sector Analysis

- We have paid more attention to sector analysis and trends, greater use of technical analysis although supported by fundamentals

Case Study – Attendance

- We always have a full turn out of members at our meetings unless a member is on holiday or ill, so we must be doing something right
- The social aspect is very important even though 90% of our monthly meetings are devoted to business. We have additional social events with partners, e.g. meals out

Case Study – Competitions

- Our internal competitions continue to be popular. This year we introduced a competition on spread betting as a means of learning more about it.
 - The conclusion is likely to be that it's not for us - so it created interest and increased our knowledge
 - We will no doubt consider a different competition for the coming year

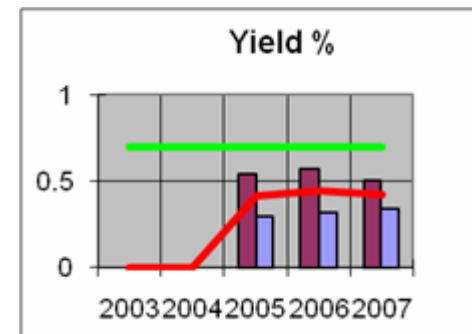
Feedback from participants

- What did you or your club put into practice as a result of the event last year?
 - More rigor: RiskGrades
 - Sleeping members & multiple clubs
 - Alternative investments (wine, Exchange Traded Commodities)
 - Shared presentation material from the inaugural conference
 - Had fun: fancy dress AGM, prizes, competitions



Feedback from participants

- Did you contact other clubs or hear about lessons / advice / tips that other attendees put into practice after the event?
 - Followed up contacts made at the conference
 - Invited speakers
 - Spoke at other clubs
 - Helped to form new clubs
- Shared spreadsheets and web-based tools
 - Digitallook, iii, Sharescope, ...



Profile & comment,
chart, graphs & data

ProShare Clubs Forum

- Learn from on-line discussions & contribute
 - ...using the club meetings ... to share personal thoughts and opinions about the current state of the markets, the financial sector, and the banking system in particular, with people that you trust, whose opinions you value, and whose company you enjoy is a great reason for sustaining your club (RSIC_Dave)
 - We stuck to choosing those stocks that had the following key criteria: strong cash flow from operating activities, strong balance sheet, low borrowings, and well covered, strong order books, an increasing dividend bar the odd year, a reasonable dividend yield, a PEG <1, future earnings growth of 15%+, institutions increasing their holdings, a new CEO, evidence of directors buying in, ideally an established position in their industry (John T)

One year on...

Tips for starting and sustaining and investment club

Bela Tiwari

Ab Initio Investment Club, Oxford

Our first steps...



Risk and investment type exercise

- Risk levels and percentage of portfolio
- Countries to invest in (or not to)
- Areas we shouldn't invest in

Paper portfolio

- One company per person
- Tracked until we had investments

Learning

- One topic presented per meeting

In the meantime, admin...



Used ProShare template documents!

- Constitution and Rules
- New member form

Get necessary infrastructure in place

- Reviewed bank accounts and broker accounts
- Looked at UVS and accounting options
- Template docs for share or fund purchase
- Contact HMRC

Brokers and banks



Bank:

Investment club accounts?

Interest rates

Terms & Conditions

Access methods

Ethics

Checked out reviews.

Brokers:

Investment club accounts?

Fees! (at start – low buy fees vital)

Dividend re-investment?

Shareholder meeting invitations?

Advice

Keeping in touch



- Communal document editing
- Websites for geekless clubs
- Mailing lists
- Effortless ways to keep up

Communal contributions



Share your creations (view only or edit)

Create new (MS or Open office formats)

Name	Folders / Sharing	Date
YESTERDAY		
2008_11_02_Minutes_Ab_initio_Meeting	me, Chris.dore, Mwblurton, Colin_moore_1, Abukman	8 Nov Colin_moore_1
EARLIER THIS WEEK		
2008_11_02_Agenda_AbInitio_Meeting	me, Chris.dore, Mwblurton, Colin_moore_1, Abukman	5 Nov me
2008_09_24_Minutes_Ab_initio_Meeting	me, Chris.dore, Mwblurton, Colin_moore_1, Abukman	5 Nov me
Minutes from Ab initio meeting (05 August 07)	Sandraferrer33, Mwblurton, Colin_moore_1, Abukman	5 Nov me
EARLIER THIS MONTH		
2007_10_07_Agenda_AbInitio_Meeting	me, Mattb, Mwblurton, Colin_moore_1, Chris.dore, Ste	31 Oct me
Agenda for the September 9, 2007 meet...	Sandraferrer33, Mattb, Steve, Colin_moore_1, me, Chi	31 Oct me
April012007Notes	me, Colin_moore_1, Chris.dore, Mwblurton	31 Oct me
EARLIER THIS YEAR		
2008_08_03_Minutes_Ab_initio_Meeting.doc	me, Chris.dore, Mwblurton, Colin_moore_1	24 Sep me
2008_08_03_Agenda_Ab_initio_Meeting.doc	me, Chris.dore, Mwblurton, Colin_moore_1	24 Sep me
2008_09_24_Agenda_AbInitio_Meeting	me, Chris.dore, Mwblurton, Colin_moore_1	22 Sep me
2008_06_29_Minutes_Ab_initio_Meeting	me, Mwblurton, Colin_moore_1, Chris.dore	3 Aug me
2008_05_06_Minutes_Ab_Initio_Meeting	me, Mwblurton, Colin_moore_1, Chris.dore	6 Jul me
2008_06_29_Minutes_Ab_initio_Meeting	me, Mwblurton	5 Jul Mwblurton

Websites the geekless way



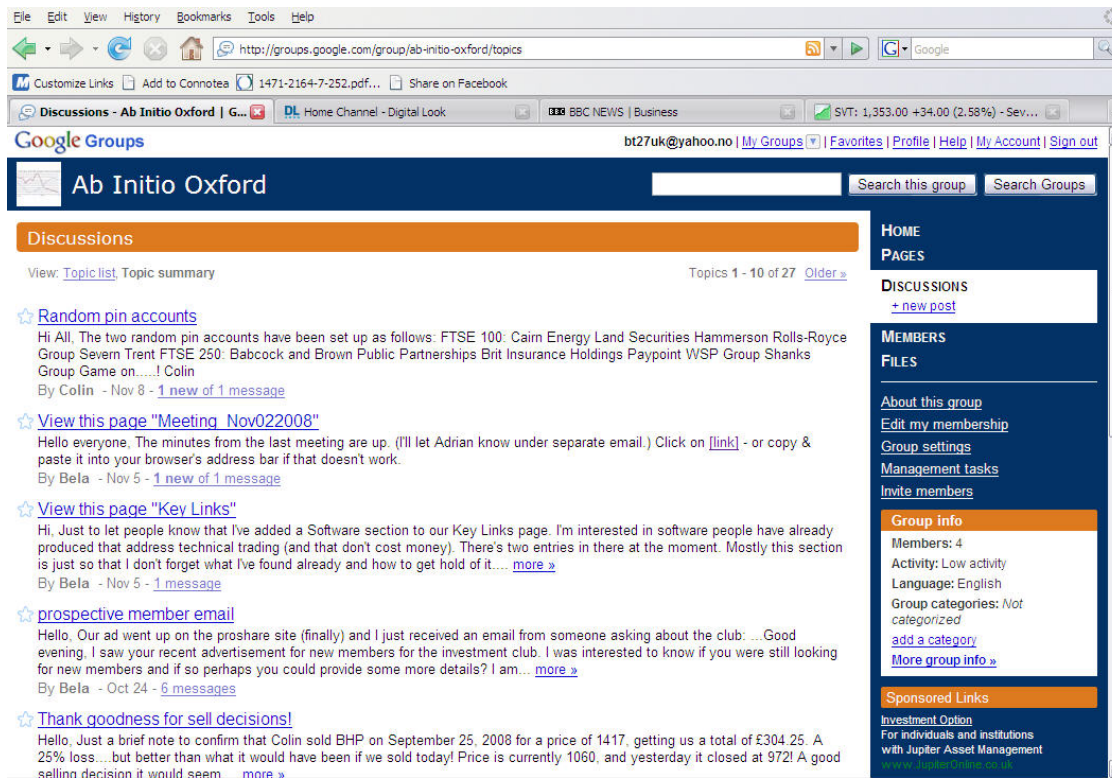
The screenshot shows the homepage of the Ab Initio Oxford Google Group. The header includes the group name and a search bar. Below the header is a navigation bar with 'Home' and 'New since last time: 2 messages'. The main content area is divided into sections: 'Pages' (2 of 31 pages), 'Discussions' (4 of 104 messages), and 'Members' (4 members). A 'Group info' sidebar on the right provides details such as 'Activity: Low activity', 'Language: English', and 'Group categories: Not categorized'. The 'Home' section lists recent updates, including a meeting on Nov 02 2008 and key links.

This screenshot displays the 'Key Links' page within the Ab Initio Oxford Google Group. The page lists various resources such as 'Club Standard Procedures', 'Presentations Index', and 'Meetings Index Page'. A 'Recent pages and files' section on the right lists recent documents, including 'Meeting_Nov022008', 'Key Links', and 'ETF Article - clarkaj_20'. The page also includes a search bar and navigation options.

This screenshot shows the 'Meeting_Nov022008' page in the Ab Initio Oxford Google Group. The page features an 'Agenda' section with links to 'Minutes' and 'Presentation documents'. The 'Presentation documents' section lists several files, including 'Timetotrade simulated trading documentation', 'ishavas Timber and Forestry update', and 'Romag chats'. A '1 message about this page' section at the bottom shows a message from Nov 5 2008 by Bela: 'Hello everyone.' The right sidebar contains navigation and search options.

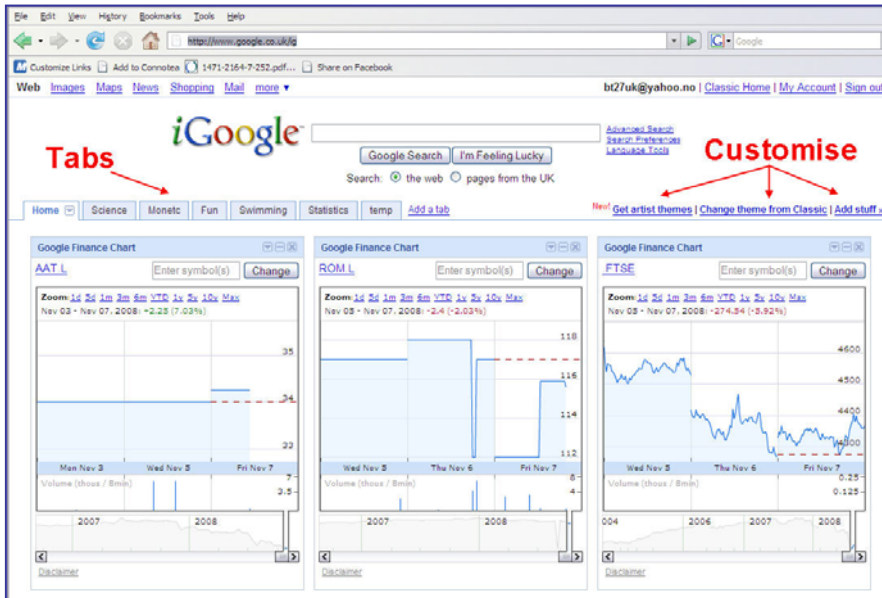
NATIONAL INVESTMENT CLUB CONFERENCE 2008

Mailing lists



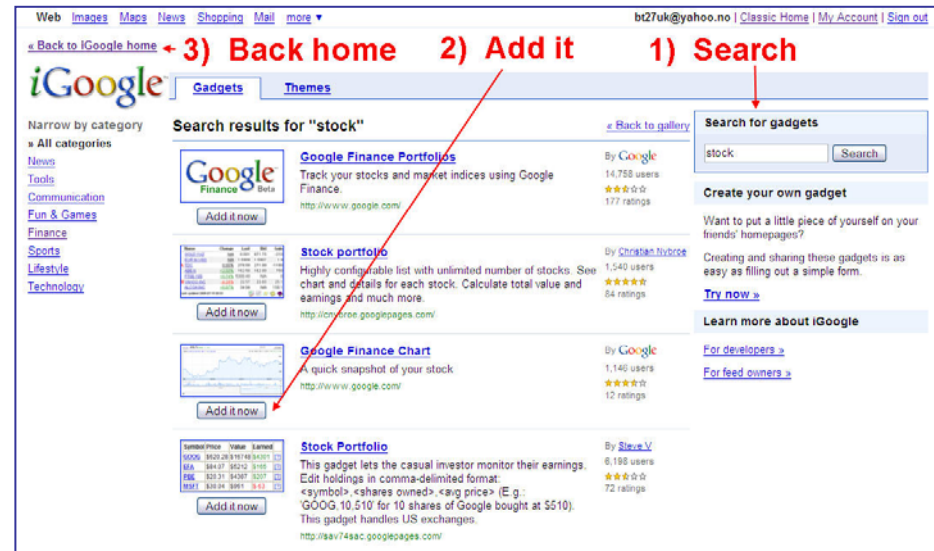
- Never forget anyone
- Conversation in threads for easier perusal.
- New members can see previous discussions.
- Keep useful threads, delete others.

Try a Google homepage



The screenshot shows the iGoogle homepage with several annotations:

- Tabs:** A red arrow points to the navigation tabs (Home, Science, Monet, Fun, Swimming, Statistics, temp, Add a tab).
- Customise:** A red arrow points to the 'Customise' link in the top right corner.
- Google Finance Charts:** Three charts are displayed for AAT.L, ROM.L, and FTSE, each showing a line graph and volume bars.



The screenshot shows Google search results for "stock" with several annotations:

- 1) Search:** A red arrow points to the search bar.
- 2) Add it:** A red arrow points to the "Add it now" button for the "Google Finance Chart" gadget.
- 3) Back home:** A red arrow points to the "Back to iGoogle home" link.

The search results include:

- Google Finance Portfolios:** Track your stocks and market indices using Google Finance. 14,758 users, 177 ratings.
- Stock portfolio:** Highly configurable list with unlimited number of stocks. See chart and details for each stock. Calculate total value and earnings and much more. 1,540 users, 54 ratings.
- Google Finance Chart:** A quick snapshot of your stock. 1,148 users, 12 ratings.
- Stock Portfolio:** This gadget lets the casual investor monitor their earnings. Edit holdings in comma-delimited format: <symbol> <shares owned> <avg price> (E.g.: 'GOOG 10.510 for 10 shares of Google bought at \$510). This gadget handles US exchanges. 6,188 users, 72 ratings.

A diverse portfolio, eh?



Choices:

- Paper portfolio until you have a large enough capital base to invest across a number of sectors.
- Funds: investment is then based on a basket of stocks (e.g. index trackers, some etfs)
- Ignore diversification advice.

Considerations:

- Can you keep members interested with a paper portfolio?
- Novice investors might think they are risk averse, but also think funds are boring and not what they are there for.
- Is everyone aware that buying individual shares is inherently risky? (Will you lose your members through despondency later?)

Other considerations:

- Fees when buying small quantities can wipe out gains ☹️
- Low fees from some brokers for certain investments at certain times 😊

The best of...



Take advantage of resources already there.

Get the admin right.

Get the communication right.

Define aims.

Discuss the risk levels of your choices.

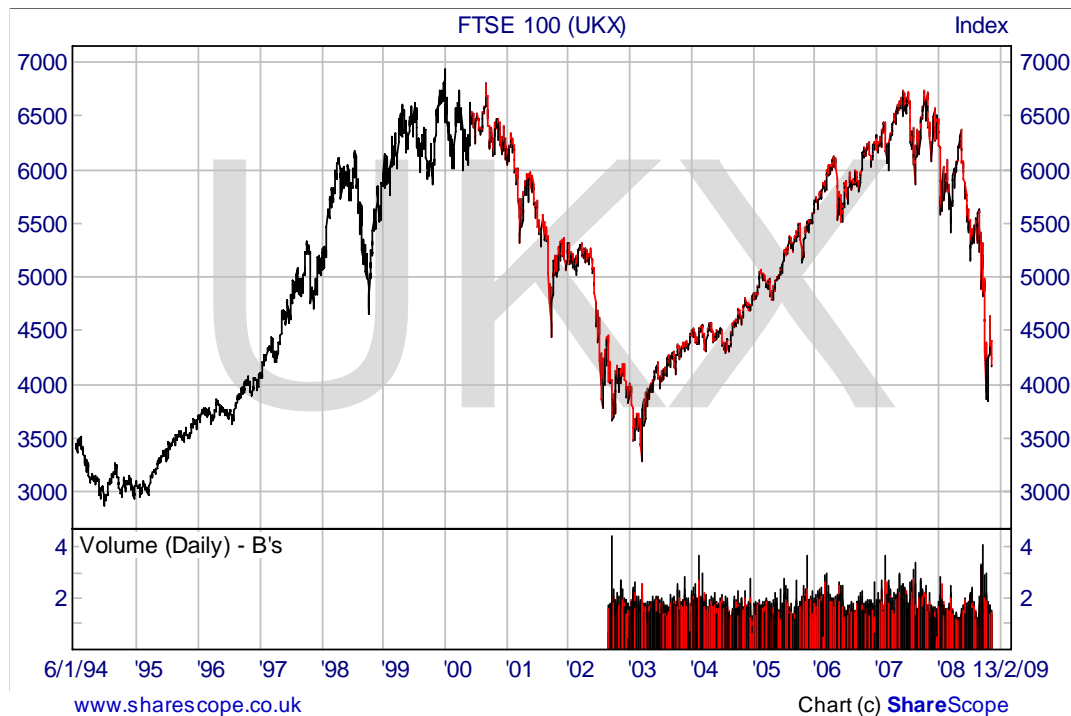
Define expectations for share buy
recommendations (including selling plan).

Stick to your plan.

Would you buy it again today?

May you live in interesting times

- Changing paradigms for volatile markets
- Not the time for highly leveraged stocks?



May you live in interesting times

- “To buy when others are despondently selling and to sell when others are greedily buying requires the greatest fortitude and pays the greatest reward.”

Sir John Templeton

- Does it pay to follow the heard or be contrarian?

To Conclude...

- “Money is a far more ancient institution than we were taught to believe some few years ago.”

– J. M. Keynes (1930) in *A History of money from ancient times to the present day* by Glyn Davies



The Treasury at Petra