

9/20/2022

How Successful Investment Clubs Invest

DOUG GERLACH ♦ PRESIDENT, ICLUBCENTRAL INC. ♦ SEPTEMBER 2022



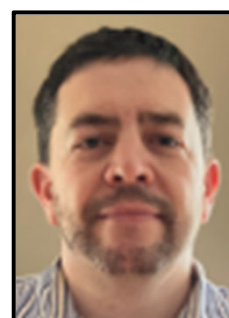
Your Hosts



Douglas Gerlach
President,
ICLUBcentral Inc.



Russell Malley
Club Accounting Advisor,
ICLUBcentral Inc.



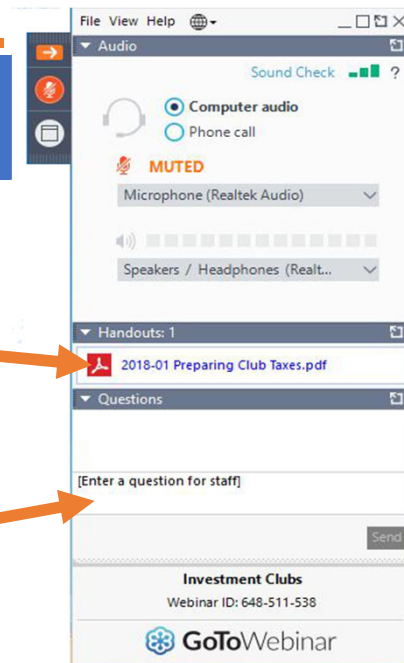
Sean Pulrang
Senior Support
Representative,
ICLUBcentral Inc.

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Handout & Questions

Handout in PDF
format is available
in Handouts tab.

Type questions in
Questions box.



HOW SUCCESSFUL INVESTMENT CLUBS INVEST

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Successful Clubs Are Steady



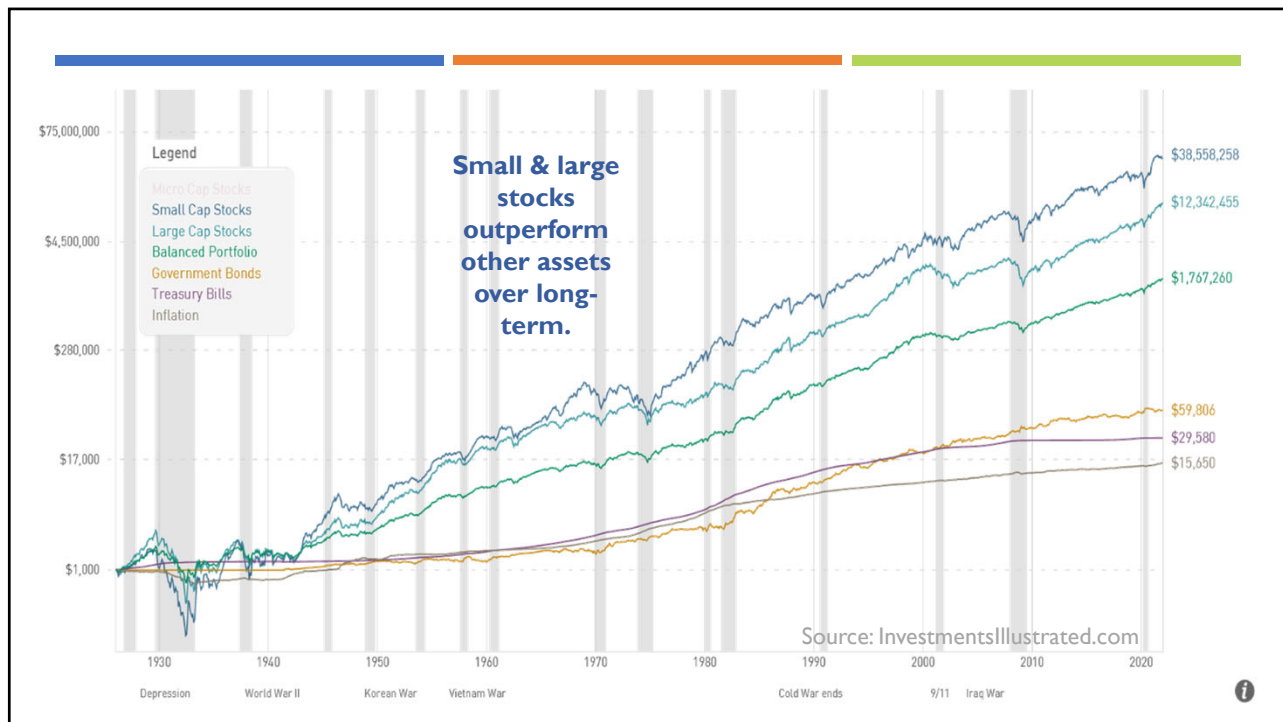
- Are consistent in their investing approach.
- Have club **investment policy statement** that details what kinds of securities in which the club will invest.
- Stick to stocks.
 - Don't invest in complicated securities, ETFs, mutual funds, trusts, partnerships, commodities.
 - BONUS: Keeps treasurer sane during tax season.
- Don't stray from their discipline.

Successful Clubs Have a Healthy Timeframe



- Understand long-term nature of investing in stock market.
- Don't aim for short-term profits.
- Aren't concerned with short-term market gyrations.
- Will take advantage of bear markets & downturns to add to holdings at lowered prices.
- Have reasonable expectations about returns.

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Successful Clubs Stay the Course



- During turbulent markets, remain fully invested.
- During overheated markets, remain fully invested.
- During depressed markets, remain fully invested.
- Don't try to guess when down markets might recover or up markets might peak.

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Successful Clubs Have Committed Members



- All members contribute cash regularly.
- Recognize that down markets are often best times to increase monthly payments.
- Contribute cash in meaningful amounts to club.
 - Members show their commitment to club with their wallets.

Successful Clubs Share the Workload



- All members **participate in club's operations:**
 - Researching companies.
 - Presenting stock studies.
 - Following stocks in club portfolio.
 - All using tools like Stock Selection Guide (SSG).

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StockWatcher Assignments



Each stock in your club requires a **StockWatcher**, and only one **StockWatcher** can be assigned to any company (but one member can be assigned many stocks). Each **StockWatcher's SSGPlus** stock studies will be used to populate the data and judgment in the club's **myICLUB.com Portfolio and StockWatcher Reports**. ([How do I import my SSGs?](#))

Security	Assigned To	SSGPlus Link Established	Last Generated
Apple (AAPL)	Doug Gerlach	Yes	8/13/21
Air Lease (AL)	Earl ZZ Alphonse	Yes	8/3/21
Century Communities (CCS)	Russ Valley	Yes	7/27/21
Churchill & White (CHDWH)	Hally Put	No	N/A
Duke REIT (DRE)	Lake Park		
Darden Restaurants (DRI)	Thomas Tuna	No	N/A
Extra Space Storage (EXR)	Doug Gerlach	No	4/13/21
Fastenal (FAST)	Earl ZZ Alphonse	Yes	8/3/21
Meta Platforms Inc (FB)	Elon Mussel	No	N/A

myICLUB.com
StockWatcher
system
manages
member
assignments.

Successful Clubs Do the Work



- Collect ideas for club's portfolio.
- Study lots of stocks in lots of industries.
- Research industries to find best companies in them.
- Challenge existing holdings regularly to upgrade portfolio quality & returns.

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Portfolio Offense Report



To help identify stocks that are overvalued or offer low projected future returns, using data and judgment from each StockWatcher's most recent BetterInvesting **SSGPlus** stock study. ([How do I import my SSGs?](#))

Company	Ticker	Qtr End	Relative Value	Projected Rel Val	Rwd/Rsk Ratio	Total Return
Century Communities (Russell Malley, 9/10/2022)	CCS	06/22	34.2%	33.9	11.9	39.6
Ollie's Bargain Outl (Doug Gerlach, 4/1/2022)	OLLI	01/22	61.2%	61.4	-8.1	33.4
Gilead Sciences (Russell Malley, 8/3/2021)	GILD	06/21	105.0%	94.8	5.0	15.8
Globus Medical (Doug Gerlach, 4/2/2022)	GMED	12/21	163.5%	133.0	1.4	11.7
Apple (Doug Gerlach, 4/1/2022)	AAPL	12/21	163.1%	149.2	0.3	5.5
Air Lease Corp						

Low total return stocks on myI CLUB.com Portfolio Offense Report threaten overall portfolio return.

Successful Clubs Avoid Meme Stocks



- Don't get entangled in popular stocks with poor fundamentals and/or excessively high valuations.
- Don't get distracted by FOMO (fear of missing out).
- Know that investing in stocks is marathon, **not** a popularity contest.

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Successful Clubs Have a Wish List



- Maintain a watch list of quality stocks the club has reviewed in past, liked, but didn't buy.
- Good source of ideas for future study & purchase.
- Review regularly & jump on stocks when price is right.
- Use myICLUB.com's Watch List feature to keep track of ideas.



Your Clubs:

Any I.C. ▼

Stock quote:

GO

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ANY IC

Watch List

[Add company](#)

Watch List



Valuation	Offense	Defense	Summary	Review	Trend			
Ticker	Company Name	Date Added	Price	Curr. Price	% Return	Buy below	Sell above	
ABBV	AbbVie Inc	8/12/2021	\$115.64	\$142.66	23.37%	\$116.02	\$134.07	
Selected by: Doug Gerlach Edit Remove Buy								
FLT	Fleetcor Technologies	10/30/2019	\$300.03	\$203.00	-32.34%	\$259.66	\$474.49	
Selected by: Alantis Cod Edit Remove Buy File								
MIDD	Middleby	10/30/2019	\$121.15	\$137.16	13.22%	\$161.98	\$280.19	
Selected by: Cherry Trout Edit Remove Buy File								

Regularly add stocks of interest to the myICLUB.com Watch List, then periodically review for ideas.

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Successful Clubs Aren't Afraid to Sell



- Know to sell a stock when:
 - Fundamentals turn down, lowering prospects for return.
 - Future is too uncertain to support holding or buying more.
 - Valuation is too high to support future returns.
 - New holding promises higher returns & better quality.

Portfolio Defense Report



To help identify companies with deteriorating fundamentals, using data and judgment from each **StockWatcher's** most recent BetterInvesting **SSGPlus** stock study. ([How do I import my SSGs?](#))

Company	Ticker	Qtr. End	SALES				PRE-TAX PROFIT				EPS	
			% ACE Growth	% Est Growth	% Chg Sales	% Diff	% ACE EPS Growth	% Est EPS Growth	% Chg. PTP	% Diff PTP	% Chg. EPS	% Diff EPS
Ollie's Bargain Outl (Doug Gerlach, 4/1/2022)	OLLI	01/22	N/A	20.0	-2.8 -3.1	-114.2 -115.5	8.3%	20.0	-32.4 -26.4	-261.8 -232.1	-27.6 -33.8	-237.8 -269.0
Gilead Sciences (Russell Malley, 8/3/2021)	GILD	06/21	18.3%	2.5	20.9 20.1	735.2 705.2	-5.4%	11.6	-161.1 -1279.0	-1489.0 -11125.4	-145.5 -1808.3	-1354.2 -15689.1
Globus Medical (Doug Gerlach, 4/2/2022)	GMED	12/21	9.4%	8.0	7.1 21.4	-11.3 167.9	9.0%	11.3	-68.1 43.3	-702.8 283.2	-73.1 43.0	-746.7 280.5

Fundamentally underperforming stocks on myICLUB.com Portfolio Defense Report are flagged to provide early warnings of possible future deterioration.



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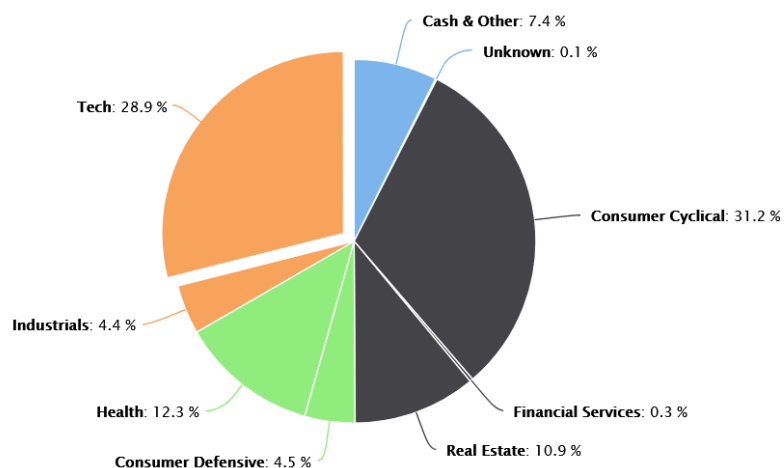
Successful Clubs Diversify Broadly



- Maintain healthy portfolio diversification of stocks.
- Include companies of all sizes (small, mid, large).
- Include companies from all 3 super sectors, many sectors, & many industries.
- Use myICLUB.com Portfolio Diversification Reports & Graphs to track progress.

Sectors

**Monitor
diversification of
super sector,
sector, industry,
company size, EPS
growth rate using
myICLUB.com
graphs & reports.**



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Successful Clubs Maintain Focus



- Don't hold more than ~20 stocks in portfolio.
- Hold no stocks with value below 3% of total portfolio.
 - Sell or add to these positions to make sure they contribute to returns.
- Make initial investments that are substantive (close to 3% of total portfolio).



HOW CLUBS FIND & ANALYZE STOCKS

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Where Clubs Find Stock Ideas



- *BetterInvesting* magazine.
- BI Most Active list.
- BI First Cuts.
- StockCentral:
 - Roster of Quality Companies.
 - Dividend Center.
 - Stock Screener.
- Newsletters*:
 - *Investor Advisory Service.*
 - *SmallCap Informer.*
 - *Morningstar Investor.*
 - *Value Line.*
- Web stock screeners:
 - MyStockProspector.com.

* Always respect restrictions of copyrighted material.

Use the Stock Selection Guide



- Tool used for more than
- BetterInvesting offers CoreSSG & SSG Plus for members.
- Studies can be linked from SSG Plus to myICLUB.com to populate club's Portfolio Reports.

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My Assigned Stocks



You are the **StockWatcher** for the following stocks for your club. It is your responsibility to update the SSGs for each of your stocks on a regular basis (such as before each meeting) using **BetterInvesting's SSGPlus** application. The results of these SSGs are then used to update the club's **myICLUB.com Portfolio and StockWatcher Reports**. ([How do I import my SSGs?](#))

Security	BI Study	Study Last Updated	StockWatcher Generated	Actions
Apple (AAPL)	AAPL (Any I.C.) ▾	4/1/22	8/13/21	Go to SSGPlus Generate StockWatcher
Extra Space Storage (EXR)	Extra Space Storage Inc ▾	N/A	4/13/21	
Globus Medical (GMED)	GMED (Any I.C.) 2021-01 ▾	4/2/22	8/3/21	Go to SSGPlus Generate StockWatcher
Miller Industries (MLR)	--Not Linked-- ▾	N/A	4/5/21	
Ollie's Bargain Outlet (OLLI)	OLLI 2/10/19 ▾	4/1/22	N/A	Go to SSGPlus Generate StockWatcher
<input type="button" value="Submit"/>				

Short Stock Picking Checklist for Clubs



- Only buy & hold companies if they have:
 - ☐ Consistent, growing annual & recent quarterly sales.
 - ☐ Consistent, growing annual & recent quarterly EPS.
 - ☐ Appropriate growth for company size (>7% for large to >15% for small).
 - ☐ No major obstacles & plenty of tailwinds for continued future growth.
 - ☐ Pre-tax Profit Margins are stable/growing & compare well to peers/competitors.
 - ☐ Current Relative Value > 75% and < 125%.
 - ☐ Reasonable projected High P/E Ratio (< 30 when buying).
 - ☐ Acceptable projected Total Return (> 15% when buying, > 5% when holding).
 - ☐ Acceptable Reward/Risk Ratio (> 3:1 when buying, > 1:1 when holding).

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Questions?



Thank You!

CONTACT ME AT GERLACH@ICLUB.COM

