THE NEW MYICLUB INVESTMENT CLUB REPORT CARD

MYICLUB INVESTMENT CLUB WEBINAR SERIES

PRESENTED BY DOUG GERLACH
NOVEMBER 2026

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Your Hosts



Douglas Gerlach
President,
ICLUBcentral Inc.



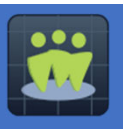
Russell Malley
Club Accounting Advisor,
myICLUB



Sean Pulrang
Senior Support Representative,
myICLUB

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Handout & Questions



- Handout for webinar is available in PDF format in **Materials** section.
- Type questions at anytime into **Questions** box.

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FIXING COMMON CHALLENGES FACED BY INVESTMENT CLUBS

Obstacles to Club Success

- Securities that cause accounting headaches & make treasurer's life miserable.
- Settings incorrect in myICLUB for securities owned.
- Operating procedures not followed properly.
- Transactions not entered correctly.
- Portfolio not optimized for long-term success.

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Investment Club Report Card



CRITICAL problems should be addressed as quickly as possible.



IMPORTANT items may not cause issues but could become **CRITICAL** if not addressed.



SUGGESTIONS are not essential to accuracy but may enhance returns or strengthen a portfolio.

- New tool offers guidance for clubs to help resolve problems, optimize practices, improve portfolios.
- Uses BetterInvesting & myICLUB's established best practices for identifying problem areas in club's operations & portfolio.

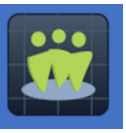
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INTRODUCING THE MYICLUB **INVESTMENT CLUB REPORT CARD**

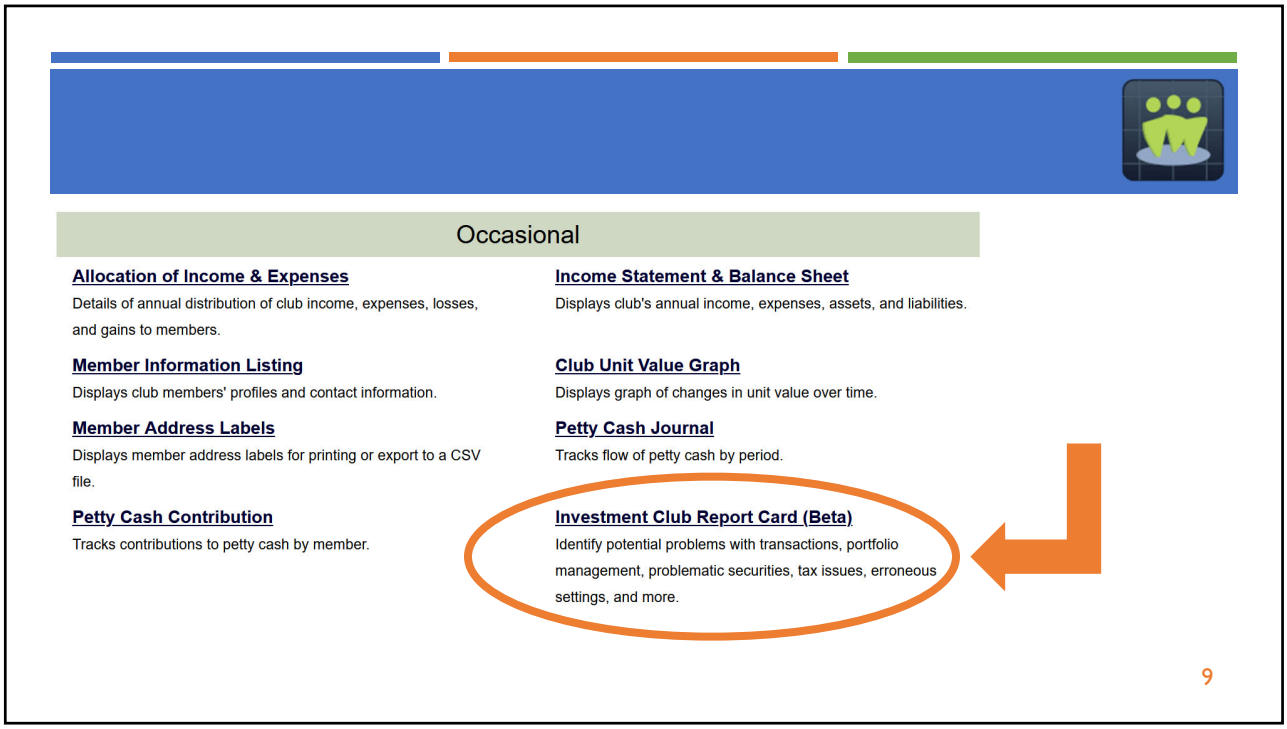
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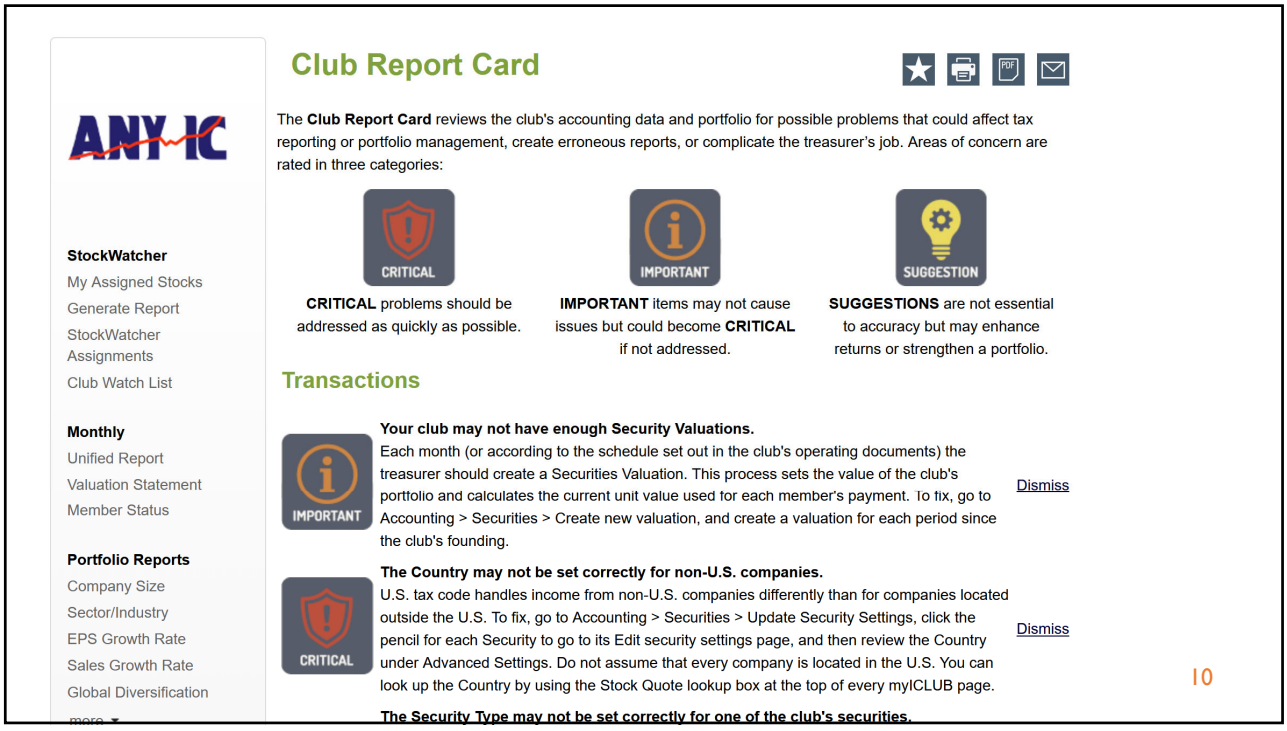
Club Report Card

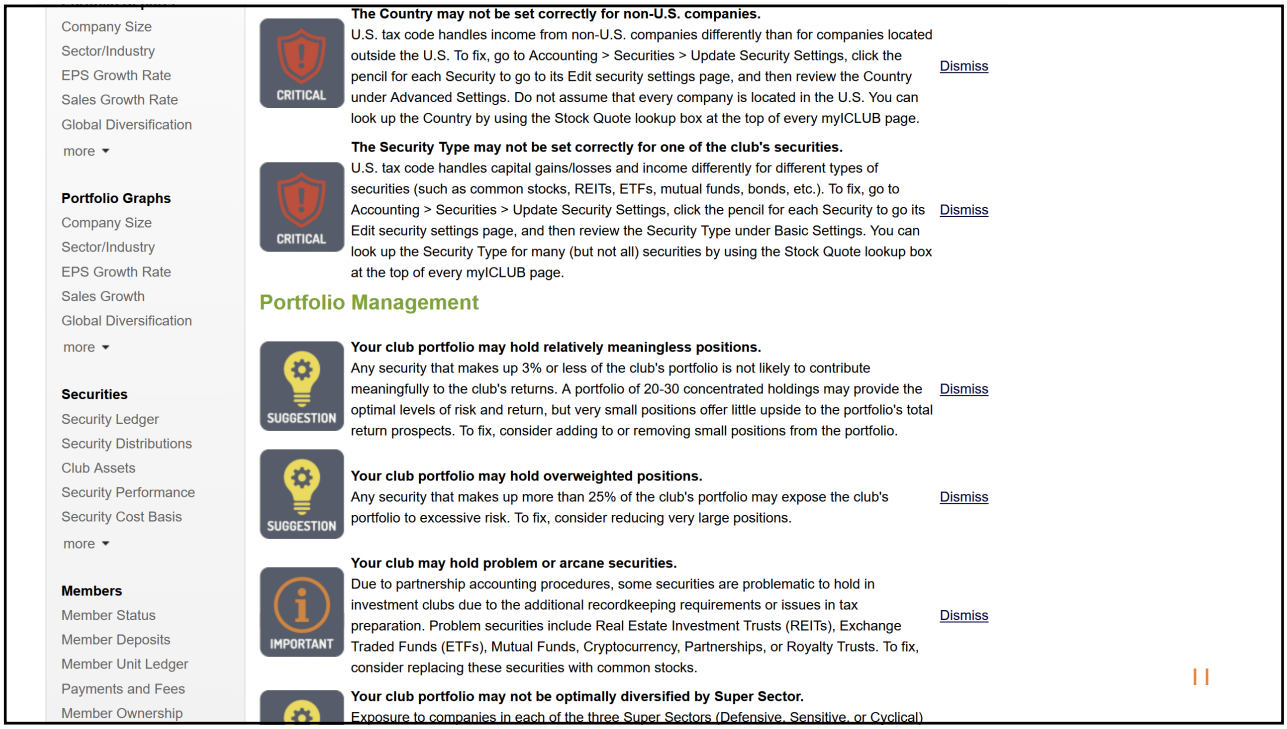


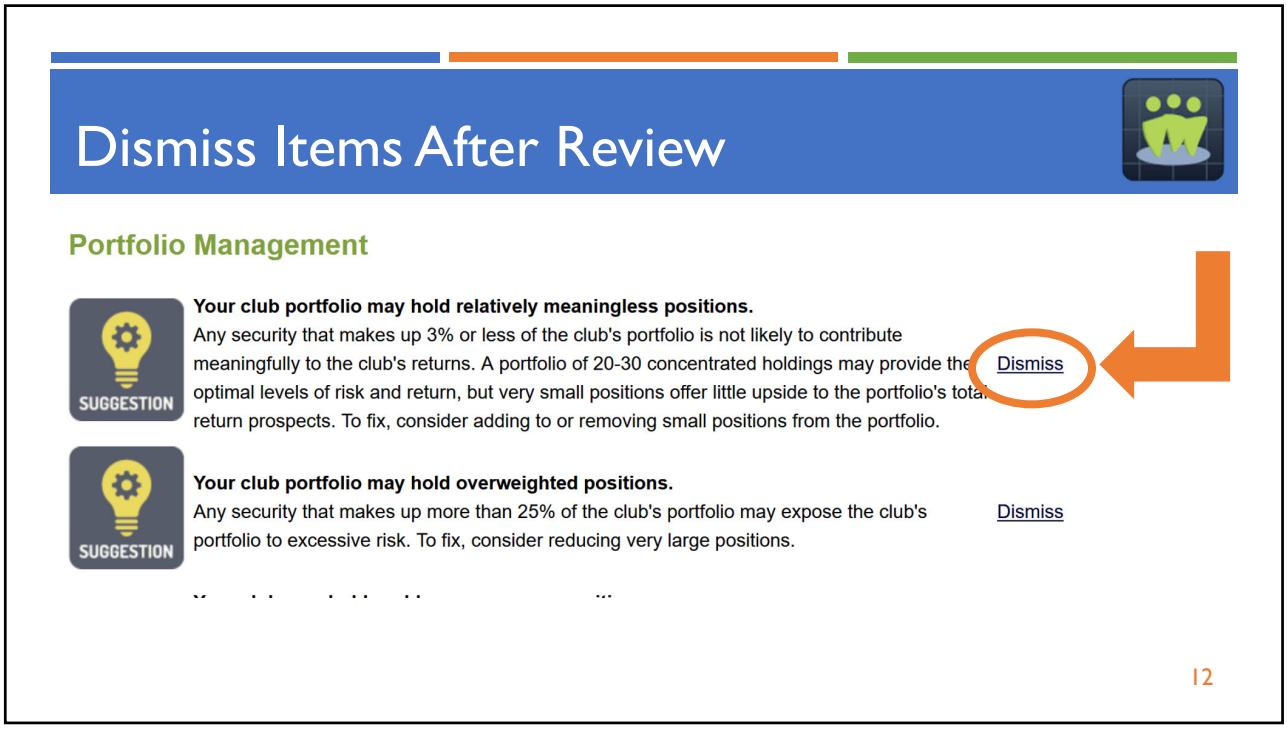
- Reviews club's accounting data & portfolio for **possible problems** that could:
  - Affect tax reporting or portfolio management.
  - Create erroneous reports.
  - Excessively complicate treasurer's job.
- Access from **myICLUB Reports** in **Occasional** section.

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Occasional
Allocation of Income & Expenses
Details of annual distribution of club income, expenses, losses, and gains to members.
Income Statement & Balance Sheet
Displays club's annual income, expenses, assets, and liabilities.
Member Information Listing
Displays club members' profiles and contact information.
Club Unit Value Graph
Displays graph of changes in unit value over time.
Member Address Labels
Displays member address labels for printing or export to a CSV file.
Petty Cash Journal
Tracks flow of petty cash by period.
Petty Cash Contribution
Tracks contributions to petty cash by member.
Investment Club Report Card (Beta)
Identify potential problems with transactions, portfolio management, problematic securities, tax issues, erroneous settings, and more.
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StockWatcher
My Assigned Stocks
Generate Report
StockWatcher Assignments
Club Watch List
Monthly
Unified Report
Valuation Statement
Member Status
Portfolio Reports
Company Size
Sector/Industry
EPS Growth Rate
Sales Growth Rate
Global Diversification
Club Report Card
The Club Report Card reviews the club's accounting data and portfolio for possible problems that could affect tax reporting or portfolio management, create erroneous reports, or complicate the treasurer's job. Areas of concern are rated in three categories:
CRITICAL
CRITICAL problems should be addressed as quickly as possible.
IMPORTANT
IMPORTANT items may not cause issues but could become CRITICAL if not addressed.
SUGGESTION
SUGGESTIONS are not essential to accuracy but may enhance returns or strengthen a portfolio.
Transactions
IMPORTANT
Your club may not have enough Security Valuations.
Each month (or according to the schedule set out in the club's operating documents) the treasurer should create a Securities Valuation. This process sets the value of the club's portfolio and calculates the current unit value used for each member's payment. To fix, go to Accounting > Securities > Create new valuation, and create a valuation for each period since the club's founding.
Dismiss
CRITICAL
The Country may not be set correctly for non-U.S. companies.
U.S. tax code handles income from non-U.S. companies differently than for companies located outside the U.S. To fix, go to Accounting > Securities > Update Security Settings, click the pencil for each Security to go to its Edit security settings page, and then review the Country under Advanced Settings. Do not assume that every company is located in the U.S. You can look up the Country by using the Stock Quote lookup box at the top of every myICLUB page.
Dismiss
The Security Type may not be set correctly for one of the club's securities.
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Company Size
Sector/Industry
EPS Growth Rate
Sales Growth Rate
Global Diversification
more
Portfolio Graphs
Company Size
Sector/Industry
EPS Growth Rate
Sales Growth
Global Diversification
more
Securities
Security Ledger
Security Distributions
Club Assets
Security Performance
Security Cost Basis
more
Members
Member Status
Member Deposits
Member Unit Ledger
Payments and Fees
Member Ownership
CRITICAL
The Country may not be set correctly for non-U.S. companies.
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Dismiss
CRITICAL
The Security Type may not be set correctly for one of the club's securities.
U.S. tax code handles capital gains/losses and income differently for different types of securities (such as common stocks, REITs, ETFs, mutual funds, bonds, etc.). To fix, go to Accounting > Securities > Update Security Settings, click the pencil for each Security to go its Edit security settings page, and then review the Security Type under Basic Settings. You can look up the Security Type for many (but not all) securities by using the Stock Quote lookup box at the top of every myICLUB page.
Dismiss
Portfolio Management
SUGGESTION
Your club portfolio may hold relatively meaningless positions.
Any security that makes up 3% or less of the club's portfolio is not likely to contribute meaningfully to the club's returns. A portfolio of 20-30 concentrated holdings may provide the optimal levels of risk and return, but very small positions offer little upside to the portfolio's total return prospects. To fix, consider adding to or removing small positions from the portfolio.
Dismiss
SUGGESTION
Your club portfolio may hold overweighted positions.
Any security that makes up more than 25% of the club's portfolio may expose the club's portfolio to excessive risk. To fix, consider reducing very large positions.
Dismiss
IMPORTANT
Your club may hold problem or arcane securities.
Due to partnership accounting procedures, some securities are problematic to hold in investment clubs due to the additional recordkeeping requirements or issues in tax preparation. Problem securities include Real Estate Investment Trusts (REITs), Exchange Traded Funds (ETFs), Mutual Funds, Cryptocurrency, Partnerships, or Royalty Trusts. To fix, consider replacing these securities with common stocks.
Dismiss
Your club portfolio may not be optimally diversified by Super Sector.
Exposure to companies in each of the three Super Sectors (Defensive, Sensitive, or Cyclical)
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Dismiss Items After Review
Portfolio Management
SUGGESTION
Your club portfolio may hold relatively meaningless positions.
Any security that makes up 3% or less of the club's portfolio is not likely to contribute meaningfully to the club's returns. A portfolio of 20-30 concentrated holdings may provide the optimal levels of risk and return, but very small positions offer little upside to the portfolio's total return prospects. To fix, consider adding to or removing small positions from the portfolio.
Dismiss
SUGGESTION
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Any security that makes up more than 25% of the club's portfolio may expose the club's portfolio to excessive risk. To fix, consider reducing very large positions.
Dismiss
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2 Categories of Potential Problems

- **Transactions**.
  - Related to securities, club settings, operating procedures.
- **Portfolio Management**.
  - Related to club's investment portfolio.

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3 Levels of Concern



CRITICAL problems should be addressed ASAP.



IMPORTANT items may not cause issues but could become **CRITICAL** if not addressed.



SUGGESTIONS are not essential to accuracy but may enhance returns or strengthen portfolio.

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Important Caveats

- Club Report Card is designed around BetterInvesting principles—may not be as relevant to clubs that explicitly don't follow high-quality growth investing style of stock selection.
- Newer clubs may not have mature portfolios, so red flags about diversification or numbers of securities may not be as relevant.
- Experience gives license to break rules.

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Suggested Solutions

- Each identified problem includes brief suggestion for resolving issue, such as:
  - Fixing club settings in myICLUB.
  - Making changes to owned securities settings.
  - Adjusting club operational policies.
  - Correcting transactions.

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PROBLEMS WITH TRANSACTIONS & SECURITIES

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Club Has Transactions Dated Before Founding



- One or more of your club's transactions has been entered in books prior to club's start date.
- Often result of typographical error in date field made when transaction was entered or edited.

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Club Does Not Have Any Valuations



- Each month (or according to club's schedule) treasurer should create Securities Valuation.
- Sets value of club's portfolio & calculates current unit value used for members' payments.
- Having no valuations means members always buy in at starting unit value; devalues long-time members if new members buy in at same rate years later.

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Club May Not Have Enough Valuations



- Each month (or according to club's schedule) treasurer should create Securities Valuation.
- Sets value of club's portfolio & calculates current unit value used for members' payments.
- Makes it harder to keep track of club's progress over years.
- Bad practice—consistency is key factor in long-running club.

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Club May Have Too Many Valuations.



- Each month (or according to club's schedule) treasurer should create Securities Valuation.
- Sets value of club's portfolio & calculates current unit value used for members' payments.
- Makes it harder for members to know what payments will buy.
- Can be unfair to some members depending on when valuations are created & payments are recorded.

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Country May Not Be Correct



- U.S. tax code handles income from non-U.S. companies differently than for companies located outside U.S.
- Do not assume that every company is located in U.S.
- Can look up Country by using Stock Quote lookup box at top of every myICLUB page.

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Security Type May Not Be Correct



- U.S. tax code handles capital gains/losses & income differently for different types of securities (such as common stocks, REITs, ETFs, mutual funds, bonds, etc.).
- If security type is incorrect, tax returns may be incorrect.
- Can look up Security Type for many (but not all) securities by using Stock Quote lookup box at top of every myICLUB page.

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PROBLEMS WITH PORTFOLIO MANAGEMENT

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Club May Not Hold Enough Securities



- Research shows that diversified portfolio of 20-30 stocks is good target to provide maximum return.
- Portfolio of <20 stocks may be too concentrated & not provide maximum levels of diversification

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Club May Hold Too Many Securities



- Research shows that diversified portfolio of 20-30 stocks is good target to provide maximum return.
- Once number of securities >=30, portfolio's risk level tends not to decline any further but returns also tend to regress to mean return of broader market
  - In other words, chances of outperforming broader market goes down significantly.
- Club may also have issues keeping up with owned securities.

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Club May Hold Meaningless Positions



- Any security that makes up 3% or less of club's portfolio is not likely to contribute meaningfully to club's returns.
- Portfolio of 20-30 concentrated holdings may provide optimal levels of risk & return, but very small positions offer little upside to portfolio's total return prospects.

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Portfolio May Hold Overweighted Positions.



- Any security that makes up more than 25% of club's portfolio may expose club's portfolio to excessive risk.

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Club May Hold Problem Securities



- Due to partnership accounting procedures, some securities are problematic to hold in investment clubs due to additional recordkeeping requirements or issues in tax preparation.
- Problem securities include Real Estate Investment Trusts (REITs), Exchange Traded Funds (ETFs), Mutual Funds, Cryptocurrency, Partnerships, or Royalty Trusts.

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Club May Hold Excessive Cash



- Club assets parked in cash may reduce portfolio's overall returns.
- BetterInvesting suggests that clubs be fully invested in securities through all market cycles in order to maximize long-term results, & to use principles of diversification to manage risk.

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Club May Not Be Diversified by Company Size



- BetterInvesting suggests that club portfolio be comprised of:
  - 25% small & micro companies (by annual revenues).
  - 50% midsized.
  - 25% large & mega companies.

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Club May Not Be Diversified By Super Sector.



- Exposure to companies in each of three **Super Sectors** (Defensive, Sensitive, or Cyclical) can provide meaningful diversification benefits.

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Club May Not Be Diversified By Sector



- Exposure to companies in many **Sectors** can provide meaningful diversification benefits.
- Note that Utilities, Real Estate, & Energy sector companies do not often fit BetterInvesting's Stock Selection Guide (SSG) methodology & so are not included.

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WHAT'S NEXT?

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More to Come

- First release of **Investment Club Report Card** covers most common issues.
- Will be adding more items for clubs to consider.
- Feedback is welcome (as always!).

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QUESTIONS?

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