

LEARNING STOCK INVESTMENTS AS A GROUP

BILL MATTHEW, Investment Consultant with Treynor State Bank, explained to Club members the opportunities of investment clubs as a way to invest in the stock market. He was instrumental in getting two local investment clubs started in 2002. One club, the Treynor Investment Club, has 13 members and the other club, the Living Hills Investment Club, has 9 members. BILL noted that investment clubs can have different objectives. Commonly, the main objective of club members is personal gain. However, the Living Hills Investment Club is formed of members from Living Hope Community Church and has a less common objective of creating funds for ministry. Secondary objectives of all club members would include learning about the mechanics of the market, learning how to evaluate companies, and having fun. Typically, BILL explained, clubs meet monthly to review investments, evaluate new opportunities, and agree upon new investments. Members deposit \$50 each month to the club account. The National Association of Investors Corp. (NAIC) has resources that explain how to organize and run a club, BILL noted. They have an accounting software program to keep track of member investments on a Valuation Unit system similar to a mutual fund. This allows variable investment by a member and facilitates dropping and adding membership. BILL explained that investment club success operates on the theory that a group can be more successful than an individual in choosing stocks. Typically, mixed men and women clubs do better than all men or all women member clubs. Successful clubs have members with varied backgrounds and experiences, BILL noted. To be successful clubs should have a minimum of 10 members, have officers, bylaws, and regular participation of members. The two clubs BILL helped organize have been successful in realizing total gains of 20 to 27% on their investments. Both clubs are open to additional members.