Value Investment Club
Membership Curriculum
Phase One – Introduction, Terminology and Conception

This phase of the membership curriculum introduces the member to value investing and what to expect. Value investing is simply stated as 'Buy Low, Sell High'. This mantra will be repeated multiple times through the courses and during actual participation with developing stock metrics and investment pools (discussed in Lesson 14).

The following syllabus covers Phase One of the program. Every few days, you will be e-mailed the next lesson in the series along with links to supporting tutorials, webinars, spreadsheets, templates and resources to assist you with gaining an understanding of the subject matter. If you decide to accelerate your progress, please e-mail the instructor, dhoare@comcast.net, and the next lesson will be forwarded right away.

Syllabus

Phase One – Introduction, Terminology and Conception

Section 'A' – Value Investing

Lesson 1 – Reasonable Expectations

> This is not a get rich quick scheme. Value Investing is a methodical approach grounded in four key principles. Investors learn that it is far better to get good returns with little risk than to exercise trading with other methods. This lesson explains how value investing is superior to all other methods due to the four principles involved.

Lesson 2 – Risk Aversion

> Risk inherently exists with investing. There is a hierarchy of risk with financial instruments and this lesson explains why quality stocks are in the best position to reward those that invest wisely.

Lesson 3 – Market Fluctuations

> The stock market fluctuates frequently. This volatility is the source of opportunity and reward. It is here that the value investor reaps better returns than those in other financial instruments or participating in other programs (methods).

Lesson 4 – Value Investing Holistic Approach

> This lesson sums up the concept of value investing by illustrating how the four principles of value investor generate so much value for investors. It identifies that time is on the investor's side and that a stable market is acceptable. The key is the far superior benefits value investing provides to an investor over any other method or system.

Section ‘B’ – Four Principles

Lesson 5 – Primary Tenet of Business

Business has several tenets, the ‘Buy Low, Sell High’ is the prima facie tenet of business. Several examples and illustrations prove this irrefutable presumption of business.

Lesson 6 – Risk Reduction

There are several tools to reduce risk in business. Insurance is the most common tool. However, this isn’t practical with buying and selling stocks. Thus, other measures are explained in this lesson about reducing risk with the buying and selling of stock.

Lesson 7 – Intrinsic Value

Intrinsic value refers to the value of a company tied to its respective underlying assets, especially if these assets are sold individually in the market under a liquidation process. This lesson covers various liquidation values and how to evaluate intrinsic value in a general way.

Lesson 8 – Financial Analysis

History is the best indicator of future success for most companies. It is difficult to turn a massive corporation in any direction instantly. It is like turning the Titanic, you need distance to make any quantifiable course change; with stock, it is time that can identify any quantifiable monetary change related to corporate course adjustments.

Lesson 9 – Patience

The fourth and as important principle for value investors is understanding and accepting that time is a friend and not an enemy. If properly calculated, investors begin to see how time benefits value investors. This is also referred to as frequency. The key to success is maintaining patience and averting interim decisions.

Section ‘C’ – Terminology

Lesson 10 – Financial Statements

A general introduction to financial statements and how to read them is explained and illustrated in this lesson. In addition, the student is taught how to retrieve the pertinent information from resources and from the source documents too. Certain key financial points are explained as to why their respective value has greater credence with evaluating corporate performance over others.

Lesson 11 – Key Performance Indicators

In addition to financial information, production reports are essential, especially during interim time periods. This lesson covers key performance indicators, how to find them and how to evaluate their respective meanings.

Lesson 12 – Business Ratios

Business ratios are used to compare similar companies to each other as long as these companies are at similar points of market capitalization. Using business ratios, many investors can ascertain a quick understanding of any company. This lesson introduces key business ratios and the e-book: ***Value Investing with Business Ratios***.

Lesson 13 – Industry Standards

Business principles are tied to three levels. Industry standards are the most diverse of the three levels of principles. But they are essential, especially when evaluating a company's financial performance to similar entities. This lesson introduces the student to industry standards, how to find them and how to use them to your advantage when making comparisons among similar companies.

Section 'D' – How Value Investing Works

Lesson 14 – Pools

Pools are groups of similar investments. Each created pool has criteria for any potential investment's inclusion. The student is introduced to pools and how to find similar investments for the respective pool. There is an explanation on how to ensure uniformity among the investment opportunities within the pool. If a potential investment is close to meeting the criteria, it is important to understand why exclusion is critical; inclusion can alter the buy/sell model significantly for the pool thus derailing the purpose of value investing.

Lesson 15 – Investment Fund

Pools make up the investment fund. Ideal funds will have more than three pools of stocks to select from. The goal is to cover market fluctuations by having pools with different reactions to market changes and having pools with different cycle times thus maximizing the investment funds overall return.

Lesson 16 – Setting Buy/Sell Points

Creating financial metrics and using business ratios allows value investors to set buy/sell points related to a pool's set of stocks. This lesson introduces how this is done in general. The details are explained in Phase Two of this program.

Lesson 17 – Monitoring Performance

In this lesson, spreadsheets are introduced to the student and why it so important to monitor transaction activity. By understanding the results of decisions, value investors improve their pool models and in turn, earn greater returns in the future.

Lesson 18 – Churning

The last aspect of value investing is introduced. Churning is the process of utilizing existing assets in the fund to leverage the outcome higher. Proper churning techniques can take a 20% annual fund return and achieve 22 to 24% return. The key is to pay attention to the details and the opportunities when they are present.

As you go through the lessons one-by-one; links are included to additional resources, articles and reputable sources to assist you with a better understanding of the lesson's intent. Some of the lessons will include video tutorials produced to help the student grasp the respective concept in a different venue. At any point in your progress, if you feel you need additional assistance, please e-mail the instructor, dhoare@comcast.net and ask questions. Your success means success for the program. Remember, this is a three-phase program; the first two phases are educational in nature; the last phase is active trading and acquisition of confidence with the program.