TRAIN2INVEST
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STOCK MARKET INVESTING

The Untold Story
A Simple Strategy For Higher Returns

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"Intelligent people discuss ideas,
Average people discuss things, and
Simple people discuss other people."
An old saying☺

BEFORE we deal with the question of "How to educate ourselves about the Stock Market and understand investing/trading of stocks and shares?" let us deal with some of the myths about the stock market and understand why we need to be an educated investor.

For many individuals, any discussion on the stock market and investing brings fear and doubt.

IMMEDIATE CROWD REACTION TO STOCK MARKET INVESTMENT

Let's debunk some of the popular myths:

- **The stock market is a form of GAMBLING:**

Q. Why was the stock market created?
A. It was created to raise CAPITAL for companies to expand.

Example:
Let's say ABC Co was in the oil rig-building business. It has an opportunity to drill in the North Sea. To do so it needs a specialized oil rig which will cost $ 1.5 billion to build. ABC Co has

approx. $ 250 million that it can draw from its bank account. Where will it go for the remaining $ 1.25 billion need? Banks will NOT lend ABC Co the $ 1.25 billion because they will not accept the 'risk'. Risk? Yes, what if they do not strike oil, how will the repayment of the loan be made?

However, the banks may be interested in debt financing such as bonds assuming that they are comfortable with ABC Co 'risk'. A group of (say) 10 banks may be willing to 'underwrite' up to $ 250 million with each bank being exposed to $25 million of ABC Co risk.

So far we have accounted for $ 500 Million ($ 250 Million from Cash Account & $ 250 million from Bonds – Bank Debt)

For the remaining requirement of $ 1 billion, ABC Co will likely issue shares – let's say at $10 per share i.e. 100 million shares to the public (via Institutional investors e.g. Merrill Lynch; Goldman Sachs etc.) – raising $ 1 billion from the 'market'.

Summary:

Cash from ABC Co	$ 0.25 billion
Bank Debt (Bonds)	$ 0.25 billion
Equity Market	$ 1.00 billion

Why would the 'public' buy ABC Co shares? The assumption (based on one's own research) is that the North Sea rig will hit a 'gusher' and generate lots of profit for ABC Co. In that case, the $ 10 ABC CO shares will increase in value to – let's say $ 20 per share which will give the investor (who took a risk), a 100% return on his original investment. While this is an unlikely scenario (i.e. a 100% return), the point is that investors get a higher return from stock market investments (either through share price appreciation or dividends or both)than in any other form of wealth building strategies.

- **The stock market is very RISKY.**

Any venture is risky when entered into without knowledge.

Q. Would you drive a car without having learnt to drive?
Q. Would you fly a plane without having learnt to fly?
Q. Would you put your money in a bank that has no offices in Canada?
No – all of the above would be risky.

- **You need a PhD in finance to understand stock market investments.**

This is a myth propagated by the financial services industry so that you are beholden to them. That's the reason they have 'certified' financial planners who are really sales people in camouflaged in "expert" clothing.
Recent activities in Wall Street clearly illustrates that there is no such thing as "Smart" money.

Anyone who has the ‘knowledge’ and the ‘discipline’ can invest in the stock market with CONFIDENCE and CONSISTENCY.

- **You can’t beat the stock market.**

Beating the stock market’s own performance is not possible, and those individuals that do actually accomplish this feat will not have their “luck” last for long. Don’t bother trying to outsmart the stock market, just accept that you aren’t going to outsmart the millions of other investors who believe the stock market isn’t beatable.

The stock market is able to be beaten in terms of performance! Investors and traders do it every year, and some do it every year consistently. Most investors simply don’t have Knowledge & Discipline to actively manage their portfolios and thus do not have the ability to outperform the stock market over the long term, which is why this myth refuses to die.

- **When someone makes money, someone else losses it**

This is the belief that the stock market is a zero-sum game. So when one investor losses money on a stock, someone else has gained that money. In essence, it is the belief that money never grows in the stock market, but is simply transferred from the ignorant to the savvy investor. The stock market is ***<u>not</u>*** a zero-sum game. What allows the stock market to go against this belief is that over the long term investors can all profit as long as the stock market is constantly going higher. So even if I lose some money on a few stocks this year and gain on some others, if I invest for the long term I will be profitable as will all other investors since prices are continuously going higher over the long term. Why? Imagine the wealth being generated in the Global economy e.g. China, India etc.?

“Two things are infinite:
The Universe and Human Ignorance,
And I am not sure about the universe.”
Albert Einstein.

WHAT IS WEALTH MANAGEMENT?

Unfortunately most individuals/families have no idea of what ‘wealth management’ is all about.

SOWING THE ‘SEED OF TIME’: WEALTH ISN’T ABOUT MONEY ALONE.

It’s about people, relationships, values, doing well by doing good and certainly about family. Wealth is a **GIFT** – that needs to be safeguarded, nurtured and shared productively for the benefit of family and others. Each family and each individual has its own values and unique circumstances relating to wealth management.
Every family owns three forms of capital,

- Financial Capital
- Human Capital
- Intellectual Capital

Most people easily grasp the concept of financial capital, which consists of hard assets they can point to—property, securities, cash, and so on. Yet many families don’t understand that their most precious forms of capital are the human (the members of the family) and the intellectual (the family’s knowledge).

TIME consciousness is the greatest difference between the poor and the prosperous.

Time is the CURRENCY of earth – think about it: it is the greatest and most significant gift you have received on earth.

You have TRADED time for everything that you have.
You have been unwilling to trade time for everything that you do not have.

A major difference exists between the poor and the powerful; the pauper and the prosperous. The difference is the MANAGEMENT OF TIME!

1. An impoverished person is **never** conscious of time.
2. A prosperous person is **always** conscious of time.

   An INDIFFERENT attitude towards time is a PREDICTION of a person’s life! The mystery of excellence is always locked in the seed called “TIME”!

The poor often get hurried. Some want to get rich quickly – OVERNIGHT! Many will stand in line for hours waiting to buy a lottery ticket, but FEW will sit in the classroom for two hours each week to receive WISDOM and UNDERSTANDING that they need! Some spend MORE money on lottery tickets than they INVEST in books each month. These lack WISDOM for they do not know the miracle seed called “TIME”.

Where do you spend most of your time each week? The ANSWER to this question reveals what you LOVE most!

- Uncommon friendships require uncommon time
- Uncommon marriages require uncommon time
- Uncommon businesses require uncommon time
- Uncommon investment results require uncommon time.

Some important questions to consider:

How much time are you willing to invest in order to build a great dream for your future?
How much time are you willing to invest to do the research about your dream?
How much time are you willing to invest in planning each day of your life to fulfill that dream?
How much time are you willing to spend to develop an understanding of those around you?

(NB: More time is required to build a skyscraper than a log cabin)

TIME IS THE SECRET OF THE WEALTHY

They think **GENERATIONALLY**, leaving a legacy for their children's children – an ability to think beyond the present.

“A good man leaves an inheritance to his children's children....”
Proverbs 13:22

ASSET ALLOCATION: An investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon. The three main asset classes - equities, fixed-income, and cash and equivalents - have different levels of risk and return, so each will behave differently over time. There is no simple formula that can find the right asset allocation for every individual. However, the consensus among most financial professionals is that asset allocation is an important decision that investors make.

MONEY MANAGEMENT is an important concept that unfortunately is not taught in the current education system. It is important to have a balance /diversification in your asset base – real estate (primary residence); liquid assets (cash) etc.

WARNING

ASSET ALLOCATION & MONEY MANAGEMENT is dependent your families' & your RISK PROFILE and on your BELIEF system *("As a man thinketh in his heart, so he is.")*. This E-Book does not deal with these issues.

This E-book is geared to stock market investment and trading education. It is NOT geared to or engaged in the riskier forms of supposedly 'sophisticated' trading mechanisms such as Day Trading, Short-selling; Margin trading, Options, Futures and Currencies (FOREX).

The book is designed to help individuals - whether novice or inconsistent experienced investors - who want to learn how to invest successfully (i.e. Investing with CONFIDENCE to achieve CONSISTENT results) in the stock market.

INTRODUCTION

The typical stock trader in the market today is totally at the mercy of forces beyond their control. They are subjected to biased advice, computer-based software gimmicks, hundreds of investing web sites, thousands of books, an unending barrage of media-based financial ' sound-bites' and a host of other 'expert' opinions that make stock market investing a pure GAMBLING exercise.

TO BE A SUCCESSFUL INVESTOR - (successful investor is defined as one that is recording CONSISTENTLY positive returns) - you need KNOWLEDGE & EDUCATION (which this book provides) and you bring the necessary DISCIPLINE & MOTIVATION.

You cannot invest with CONFIDENCE & CONSISTENCY in the stock market by:

- Reading books (including Mr. Buffet's methodology)
- Listening to sound bites from 'experts' on TV and/or radio.
- Buying into 'magic' software packages that recommend 'picks'.
- Attending 3-7 'full-day' seminars held in various cities.
- Watching some technical analysis genius trade on his computer.
- Reading specialists (read BIASED) News Letters.
- Buying the latest NEW trend (e.g. IPO or some exotic new stock).
- Going on an 'Investment Cruise' with 'experts'.

Only KNOWLEDGE & EDUCATION with the aid of a tool (usually charting software) can help you achieve the CONFIDENCE & CONSISTENCY required to be successful in stock market investing.

BASIC RULES:

METHODOLOGY: SECRET OF SUCCESSFUL investing begins with CONFIDENCE in the methodology that you are pursuing and the DISCIPLINE to 'CONSISTENTLY apply the RULES' established.

- Rules that you CANNOT or WOULD NOT follow will not help.
- Rules must be followed to gain CONFIDENCE in the investing methodology to be able to apply them CONSISTENTLY (even in DOWN TRENDING situations).

What prevents the average person from taking advantage of the stock market?

1. Fear - Of starting anything NEW (i.e. of attempting things that society has generally deemed impossible.)
2. Greed - Instant gratification (i.e. having a 'get-rich-quick' mind-set).
3. The rapid PACE of change - NOT understanding the technological advances that takes place EVERY few years!

Most people understand what FEAR & GREED are but are ignorant about 'the RAPID PACE of Change' taking place in the world!

Billions of people can now afford technology. It took more than a century to populate the planet with 1 billion telephones. The second billion took only five years. By the end of this decade 2 billion people will own - not just phones, - but phones with Web browsers. That means 2 billion people will shortly have a ticket into the global economy.

Internet search and transparency. A decade ago, if I wanted to do competitive research on the operating models and economics of any industry and business, I might have gone to McKinsey & Co. or Goldman Sachs**.** (The research would have cost tens of thousands of dollars). Today Grade 12 students in front of computers with access to ***Google*** can get the research faster and for free. In China there's a saying: "One man's margin is another man's opportunity." Now millions can imagine opportunity from trading on the stock market!

The pace of change is accelerating. Rewards are going to those companies that are exceedingly fast, clever and capital efficient. There is no mystery here, no conspiracy, no abstract villain. Globalization is not the problem. Change--that's our challenge.

Change?

1903 – The Wright brothers made the first flight
1969 – Man landed on the moon
66 years – ONE generation, what technological changes took place?

WHY IS THIS?

By the time the average adult begins his career, he has completed almost 16 years of education in numerous disciplines. However, his knowledge of money management and wealth creation is extremely limited for many reasons – for example, the educational system is geared to train one to get a job – regardless of the college or university degree, the aim of that degree is to train you in a profession which ultimately leads to 'landing' a job! Preferably one with a pension! Result – living from pay-check to pay-check is the norm for the majority of citizens in the world. However, the wealthy have been trained to:

a. Firstly, to excel in educational pursuits (i.e. to have a disciplined mind)
b. Secondly, to treat living life as a 'business' (i.e. ensuring a solid work ethic).
c. Finally, to learn the principles of becoming wealthy (i.e. to make their savings/investments work for them).

*"Based on in-depth interviews with numerous MILLIONAIRES, the study found the following factors vital in their (*wealthy individuals/families*) financial success:*

- *INTEGRITY – honesty in all relationships*
- *DISCIPLINE – self-control in every area of life*
- *SOCIAL SKILLS – friendly relations with people*
- *HARD WORK – a willingness to work harder than most people*
- ***SPOUSE – a supportive spouse "***

Thomas J. Stanley: The Millionaire Mind

A SUPPORTIVE SPOUSE?

Usually the following scenarios are played out in MILLIONS of households across the nation (if not around the world):

1. INDIFFERENCE – 'I really don't care what you do (i.e. DON'T ASK, DON'T TELL) – just show me the money, honey!' OR
2. DISTRUST – 'I am tired of your many 'hare-brained' schemes that have not worked. I will NOT let you make anymore 'independent' decisions (i.e. I WILL have the final say!). OR
3. INDEPENDENCE – You keep your money & I will keep mine (i.e. WE ARE NOT A FAMILY - We just exist for ……..whatever the excuse they have conjured up to really fooling themselves, their children, the neighbors, their relatives…. etc).

END RESULT?

In all these cases, the solution would seem to be to seek OUTSIDE 'experts' to 'advice' them on how they should manage their savings/investments.

Why is it that most families are unable to be SUPPORTIVE of their spouse when it comes to wealth management?

Before we review the above, let's answer the following question:

WHO TAUGHT US WEALTH MANAGEMENT?

Did we learn wealth management

- From school?
- From friends?
- From parents?
- From books or seminars?
- From university or college?

ANSWER: Usually through OSMOSIS – from a combination of the above!

There is a FALSE assumption that if you studied accounting, finance etc – even an MBA – you would have learnt HOW TO BECOME WEALTHY? WRONG – you would have been taught ***about*** wealth management and how to get a job and work for someone else – and in due course you MAY become wealthy!

Most people learnt about money and/or wealth management from their families (tradition).

Problem is that spouses come from different households (i.e. different views of money management/wealth building concepts) even if they came from the **same** cultural backgrounds.

Example:

HUSBAND	**WIFE**
Entrepreneurial background	Civil Servant/pension background
Risk level – high risk taker e.g. options	Risk level – low risk taker e.g. GIC
Vacations – means travelling to Hawaii	Vacations – means going to visit relatives
Camping – means staying at a 5 star hotel	Camping – means staying in a tent

As you can see from the above, they have VERY DIFFERENT RISK PROFILES but yet they were attracted enough to have gotten married.

(Opposites attract, eh? – Yes, that's before marriage BUT after marriage they ATTACK!)

SAMPLE SCENARIO

Usually the one with a higher RISK TOLERANCE (either husband or wife) would have attempted to accumulate wealth through a number of methods. Before we look at the potential options for wealth generation, let's review the picture below:

WHICH APPLE WILL YOU PICK?

The cautious spouse will pick the SMALLER one; the risk-taker will go for that BIG one.

BUT there may be some gunslingers who say 'Back up the truck, we will take the TREE!'

Yet, neither decision is wrong.

It depends on a person's RISK TOLERANCE – a concept that most families don't understand. A person is WIRED (actually created) that way and there is nothing we can do to change them!

Any attempt to FORCE A 'BEHAVIOR' CHANGE (usually through manipulation, sarcasm, public humiliation, mind-games etc) will result in frustration, bitterness, anger, distrust ……….. …………… ultimately in DIVORCE!

WHY? Because MONEY is usually the ultimate 'SECURITY BLANKET' that most individuals hold onto. In fact, it becomes their 'god' as they increase in age! (Have you heard how people plan for their OLD AGE? Planning is good; being OBSESSED is not.)

THAT'S THE REASON…..

Many people are extremely successful in their BUSINESS, in the JOBS, in their PROFESSIONS etc but when it comes to wealth management (in particular, the stock market), a GREAT SENSE OF FEAR overtakes them!
Two reasons:

1. Spouses have NO CONFIDENCE in their spouse's money management skills
2. The 'OBJECTING' spouse has NO CLUE what to do either.

SO…THEY TURN OVER THEIR HARD-EARNED SAVINGS / RRSP(S)/ 401(k) etc to outside "EXPERTS".

How do they pick these EXPERTS? Put it another way, what skill set does the husband & wife possess to determine that these are EXPERTS?

Decision is usually based on a slick presentation, a 'big' corporation image & 'gut-feeling' i.e. blown away by the 'FACTS & FIGURES' presented to them (or it could be that the EXPERT is the 'MOTHER-IN-LAW'☺).

The gist of the presentation would be like this:

- By the time you reach 65 years (used to be Freedom 55 in the old days), you will have enough money to live like Bill Gates
- You will achieve that WITHOUT much risk – DIVERSIFICATION is the answer!

RISK TOLERANCE

Unless the family is on the SAME page, there will be dissention in the camp. Ultimately, the CHILDREN will be totally confused & the NEXT GENERATION will live from pay-check-to-pay-check!

90% OF WEALTH MANAGEMENT ATTEMPTS BY FAMILIES ARE THROUGH “TRIAL & ERROR” METHODS.

1. MUTUAL FUNDS – Due to the failure of spouses understanding their RISK TOLERANCES, the easiest way (with the ability to ‘blame someone else’) is to find a Financial Planner to take the responsibility of managing the family’s INHERITANCE. No regard to RETURN versus COST is considered. (see later)
2. MULTI-LEVEL MARKETING – jumping on the band wagon LONG after the wagon is gone. Building ‘legs’ & trying to sell the product (usually SOAP) to friends and family is not a winner.
3. NET-WORK MARKETING – a variation on the above. Again, selling ‘Vacuums’ may not bring you friends, let alone wealth. Mostly, consumed by immediate family members – eating the seed instead of sowing it!
4. REAL ESTATE – Excellent investment strategy in an uptrend economy. Usually extremely successful in the initial stages of a ’bull’ market especially when buying ONE house and then making a ‘killing’ on it. Suddenly, GREED sets in and in an attempt to become ‘Mr. TRUMP’ in 7 days or less; a number of units are purchased with MINIMUM down payments, so that it can be ‘FLIPPED’ quickly for a “SUBSTANTIAL” profit. Unfortunately, you & 50,000 other people came to the SAME conclusion at the end of the ‘HOT’ market! Massive losses or foreclosures or manager of tenants is the result.
5. FRANCHISES – extremely costly enterprise. Royalties can potentially destroy the franchise-owner. It is nothing MORE than BUYING a 20 hour a day full-time job!
6. FOREX (Foreign Currency Trading) – extremely speculative. Competing with global foreign exchange money managers in a 24/7 market. Your simple software cannot compete. PERIOD.
7. COMMODITIES – similar to FOREX. Challenges: Forecasting future global demand for specific commodities and unpredictability of weather patterns.
8. OTHERS: Black Box Computer Programs that trade penny stocks, FOREX; Options; Futures etc. – nothing more than gambling based on some “PROPRIETARY” system.

MUTUAL FUNDS

A. Fact: The first mutual fund was created by Harvard University in 1924! Nothing has changed since then (with the exception of some 'bells & whistles') – mantra: BUY & HOLD!

The idea of pooling resources and spreading risk using closed-end investments soon took root in Great Britain and France, making its way to the United States in the 1890s. The Boston Personal Property Trust, formed in 1893, was the first closed-end fund in the U.S. The creation of the Alexander Fund in Philadelphia, Pennsylvania, in 1907 was an important step in the evolution toward what we know as the modern mutual fund. The Alexander Fund featured semi-annual issues and allowed investors to make withdrawals on demand.

The Arrival of the Modern Fund

The creation of the Massachusetts Investors' Trust in Boston, Massachusetts, heralded the arrival of the modern mutual fund in 1924. The fund went public in 1928, eventually spawning the mutual fund firm known today as MFS Investment Management. State Street Investors' Trust was the custodian of the Massachusetts Investors' Trust. Later, State Street Investors started its own fund in 1924 with Richard Paine, Richard Saltonstall and Paul Cabot at the helm. Saltonstall was also affiliated with Scudder, Stevens and Clark, an outfit that would launch the first no-load fund in 1928. A momentous year in the history of the mutual fund, 1928 also saw the launch of the Wellington Fund, which was the first mutual fund to include stocks and bonds, as opposed to direct merchant bank style of investments in business and trade.

Why would you use a 1920's idea in 2009/2010? Do you still use a quilt pen? A type-writer? An out-house?

INDUSTRIAL AGE IDEAS DO NOT WORK IN THE DIGITAL AGE

B. Fact: **Survivorship Bias and Creation Bias**: *"The Journal of Finance (Mar '97) reports a comprehensive study by Mark Carhart on mutual funds over the period from 1962 to 1993. He states "by 1993 fully one-third of all mutual funds had disappeared." Furthermore, in 1997 the Wall Street Journal reported that during 1982-1992 mutual funds reported average returns of 18.1%, but after calculating in survivorship bias, the report found that this return was whittled down to 16.3%, lower than the 17.5% return on the S&P 500 during the same period. In other words, when we take survivorship bias into account, the average mutual fund under performs the market."* INVESTOPEDIA.COM

The Truth Behind Mutual Fund Returns

Investopedia.com

You might not have noticed it, but you've probably never seen an advertisement for **a mutual fund that reports a failing return.**

It's an impossibility that every fund could perform so well all the time. **But what happens to those inevitable lemons if the mutual fund industry denies any are falling?** This is where ***survivorship bias*** steps in.

Welcome to the Biased World of Survivorship

A mutual fund company puts survivorship bias into action when distorting the true performance of its mutual funds, making the funds look more attractive than they really are. This bias is created when poor performing funds are liquidated or merged into better performing funds. As a result, these substandard performers, and their corresponding substandard metrics, simply disappear.

When these so-called "losers" are purged from their respective categories, their statistical records are no longer included in the category performance data. This makes the category averages creep higher than they would have if the losers were still in the mix.

Example - The Survivorship Effect

For example, let's say that there are three funds (A, B and C) in a given category. Fund A has a five-year annualized total return of 12%; Funds B and C have five-year annualized total returns of 8% and 4%, respectively. The average annual total return for the fund category would be 8%. But, if the loser, Fund C, were to be liquidated or merged into either Funds A or B, it would disappear from the data radar screen. The five-year average annual total return for the fund category would become a more impressive 10%.

The March 1997 *Journal of Finance* reported a comprehensive study by Mark Carhart on mutual funds over the period from 1962 to 1993. He states that "by 1993 fully one-third of all mutual funds had disappeared." Furthermore, in 1997 *The Wall Street Journal* reported that between 1982 and 1992, mutual funds reported average returns of 18.1%, but after calculating in survivorship bias, the report found that this return was whittled down to 16.3%, lower than the 17.5% return on the S&P 500 during the same period. In other words, when we take survivorship bias into account, the average mutual fund underperforms the market.

Hedge funds also fall into perils of survivorship bias. Many research and database firms, however, didn't start collecting data on retired hedge funds until 1994, so research on this area has yet to come to a definite conclusion. Just be careful when looking at any hedge fund returns reported before 1994 because there is a good chance survivorship bias skews the numbers significantly.

A "Get out of Jail Free" Card

Fund companies argue they shouldn't have to include dead funds in return calculations because the funds are transferred to different managers. But think of it this way: When a person buys a new car he or she doesn’t get to erase all accidents and speeding tickets, so why is it - that mutual fund companies virtually get to erase their past mistakes?

The CFA Institute (formerly the Association for Investment Management and Research (AIMR)) has attempted to place restrictions on how past performance is reported. However, this disclosure isn't a requirement for mutual fund companies. ***They follow the restrictions only if they choose.***

Even companies that do comply usually only need to publish their true performance in the fine print on the prospectus or other promotional material that most investors don't read. The Financial Industry Regulatory Authority (FINRA) and Securities and Exchange Commission (SEC) have also made decisions on how funds report their returns, but there is still a gray area that can be (and often is) exploited by many companies.

Don't Forget Creation Bias

Creation bias is a form of survivorship bias.

A fund company will implement the creation bias to launch a fund. Creation bias works by giving a handful of investment managers a small amount of money to incubate their own funds. After a couple years, the fund company chooses the manager who has performed the best. The successful funds are then made available to the public and marketed aggressively, ***while the losing funds get silently discontinued and "disappear".*** Many investment professionals believe that creation bias is becoming a bigger problem than survivorship bias, particularly because it is much more difficult to detect.

John Bogle, founder and former chairman of the Vanguard Group, often cited the survivor bias phenomenon as one of the reasons for favoring index funds, which don't play the survivorship game. Bogle is quoted as saying that *"what we are really looking at here are "juiced" managed fund performance numbers, which create a misleading picture that actively managed funds are competitive with indexing."*

Conclusion

Survivorship bias is a kind of grade inflation for mutual funds that occurs when the funds with the worst performance are made to disappear from the database while strong performers survive another day. The result of this mutual fund Darwinism results in skewed performance numbers that make the remaining active managers look better as performers vanish before they can drag down the overall performance numbers of the category index.

The issues of survivorship and creation bias demonstrate the importance of being skeptical of mutual fund performance claims, particularly when the claims are coming from the company itself. The key, as in so many cases in investing, is to do your research.

To find out the performance of the Fund that you have invested in (and what they charged you for that performance), please check out www.globefund.com

Expense Ratio - also known as "management expense ratio" (MER).

What Does *Expense Ratio* Mean?
A measure of what it costs an investment company to operate a mutual fund. An expense ratio is determined through an annual calculation, where a fund's operating expenses are divided by the average dollar value of its assets under management. Operating expenses are taken out of a fund's assets and lower the return to a fund's investors.

Depending on the type of fund, operating expenses vary widely. The largest component of operating expenses is the fee paid to a fund's investment manager/advisor. Other costs include recordkeeping, custodial services, taxes, legal expenses, and accounting and auditing fees. Some funds have a marketing cost referred to as a **12b-1 fee**, which would also be included in operating expenses. A fund's trading activity, the buying and selling of portfolio securities, is not included in the calculation of the expense ratio. Costs associated with mutual funds but not included in operating expenses are loads and redemption fees, which, if they apply, are paid directly by fund investors

Don't Be Fooled By Mutual Fund Ads

Perhaps you've noticed all those mutual fund ads that quote their amazingly high one-year rates of return. Your first thought is "wow, that mutual fund did great!" Well, yes it did great last year, but then you look at the three-year performance, which is lower, and the five year, which is yet even lower. **What's the underlying story here?**

Let's look at a real example. These figures came from a local paper:

1 year	3 year	5 year
53%	20%	11%

Last year, the fund had excellent performance at 53%. But in the past three years the average annual return was 20%. What did it do in years 1 and 2 to bring the average return down to 20%? Some simple math shows us that the fund made an average return of 3.5% over those first two years: 20% = (53% + 3.5% + 3.5%)/3. Because that is only an average, it is very possible that the fund lost money in one of those years.

It gets worse when we look at the five-year performance. We know that in the last year the fund returned 53% and in years 2 and 3 we are guessing it returned around 3.5%. So what happened in years 4 and 5 to bring the average return down to 11%? Again, by doing some simple calculations we find that the fund must have lost money, an average of **-2.5%** each year of those two years: 11% = (53% + 3.5% + 3.5% - 2.5% - 2.5%)/5. Now the fund's performance doesn't look so good!

It should be mentioned that, for the sake of simplicity, this example, besides making some big assumptions, doesn't include calculating compound interest. Still, the point wasn't to be technically accurate but to demonstrate how misleading mutual fund ads can be. A fund that loses money for a few years can bump the average up significantly with one or two strong years.

Example: TRUTH IN ADVERTIZING

Q. **Recovery?** Who put you in the hole in the first place/

So what can you hope to achieve with Dynamic?

Only 8 funds made money in the last 3 years! And the best one did just over 5%. The worst … - **NEGATIVE 63%** Source: www.globefund.com

DYNAMIC FUNDS – 1 Year Performance:

For Dynamic Funds
Funds 1 to 50 from 232 found

40% to 60% LOSSES

(To change reports, click on tab)

Standard | Short-term | Long-term | Annual | Quartile Ranking | 5-Star Ratings | Key Facts

Sort Order : 1 yr % (To change, click column heading once to sort up, again to sort d...)

Update Fundlist

As of April 30, 2009

Add/ Del	Fund name	5 Star Rating	Volatility	1 yr %	3 yr %
	Dynamic Power Hedge Fund-A (05/22)	★★	ALT HI	-62.73	-18.32
	Dynamic Power Hedge Fund-F (05/22)	★★	ALT HI	-62.48	-18.28
	Dynamic Power Emerging Markets (05/22)	★	ALT AV+	-62.40	-19.39
	Dynamic Power Amer Currency Neutral	★	UEQ HI	-52.76	-17.57
	Dynamic Global Energy Class (US$)		NRS	-49.99	
	Dynamic Power Global Growth Cl(US$)	★★★	GEQ HI	-48.94	-8.02
	Dynamic Power American Growth (US$)	★	UEQ HI	-48.55	-14.07
	Dynamic Power American Gwth Cl(US$)	★	UEQ HI	-48.42	-13.44
	Dynamic Contrarian (05/22)	★★	ALT AV+	-48.04	-16.25
	DMP Resource Class	★★	NRS AV+	-47.33	-20.50
	Dynamic Power Canadian Growth	★	CFE HI	-46.27	-10.80
	Dynamic Power Canadian Growth-T	★	CFE HI	-46.24	-11.12
	Dynamic Global Value Class (US$)	★★★	GEQ HI	-46.16	-14.77
	Dynamic Global Value Fund (US$)	★★★	GEQ HI	-44.58	-13.82
	Dynamic EAFE Value Class (US$)		INT	-44.07	
	Dynamic European Value (US$)	★	EUR	-43.73	
	Dynamic Far East Value (US$)	★★★	APR	-42.15	

BUT WHAT DID IT COST……..

Example Dynamic Dividend Fund

Dynamic Dividend-T Globe 5-Star Rating ★

PERFORMANCE Vs. COST

Fund Profile | Chart | Price History | Fund R

Fund Price: $3.75 (as at May 25, 2009) 1-day chg:

Returns as at April 30, 2009

	Fund	Group Avg	Index*
1 month	1.37%	6.97%	7.26%
3 months	0.53%	6.90%	8.32%
6 months	-6.39%	-6.10%	-2.51%
1 year	-26.08%	-23.99%	-30.70%
2 year avg	-15.76%	-14.77%	-14.06%
3 year avg	-8.24%	-7.22%	-5.93%
5 year avg	-	1.67%	5.04%
10 year avg	-	5.00%	4.99%
15 year avg	-	8.27%	7.49%
20 year avg	-	8.20%	7.33%
since inception	-2.91%	-	-
2008	-25.48%	-26.74%	-33.00%
2007	5.38%	0.64%	9.83%
2006	9.94%	11.75%	17.26%
3 year risk	11.39	14.32	19.25
3 year beta	0.55	0.66	1.00

*S&P/TSX Total Return

Fund Facts

Fund Sponsor:	Dynamic Funds
Managed by:	Goodman & Company, Invest Ltd.
Fund Type:	MF Trust
Inception Date:	July 2005
Asset Class:	Canadian Dividend and Incon
Quartile Rank:	3 (3YR ending April 30, 2009)
Total Assets:	N/A
Mgmt Exp. Ratio (MER):	2.18%
Management Fee:	1.85%
Load Type:	Optional

4.03%

Return was NEGATIVE 15.76% (1 year) but they CHARGED A FEE of 4.03% per year!

BUSINESS

Investor's bitterness rose when his portfolio didn't

Earned only $440 after a decade of contributions

By: Paul Delean
31/05/2009 1:00 AM |

MONTREAL -- Any idea what the rate of return has been on your investments over the years?
It may come as a shock, and not in a good way. Many investment companies still don't post rates of return on their regular statements, and the monthly and quarterly totals can be misleading if you make regular contributions or withdrawals.
For Montrealer Bruce Harris (not his real name), the painful truth became obvious only after he sat down and tallied up what he had contributed to his RRSP, and compared it with current worth. Over a 10-year period, he contributed $53,241, most of it in monthly installments ranging from $100 to $240. The total value after a decade was $53,681.

He had earned all of $440 for 10 years of saving, while the mutual-fund companies whose products he purchased collected thousands of dollars in management and redemption fees.

"I was really upset for a very long time," Harris said. "I get the impression sometimes they don't want you to know (how you're doing). You see it going up and you don't take into account the money you're putting in. I could have done as well just leaving it in a bank account."

Harris admits to being an aggressive investor, but didn't try to manage his own affairs. He entrusted the money to financial advisers, of which he has had a half-dozen so far. They picked the investments. "The first adviser left and I got passed on to another, and so on," he said. "I didn't have a million, so you never felt anyone really cared about my little investment."

Frustrated by the indifference, he instigated a switch two years ago to another adviser who called him out of the blue, just in time for the recent stock-market meltdown and an 18 per cent loss in 2008. "I realize the recession is not their fault, but this is my last shot at the stock market," he said. "I'm at a point in my life where I really have to be careful."
Two advisers asked to take an independent look at Harris's current portfolio gave it mixed reviews. Martin Garneau of Majesta Financial Partners noted that it contained funds whose annual management fees would be lower if they had been purchased directly from the issuers rather than in a variation offered by the company now managing his money. The fixed-income content was significantly lower than the proportion indicated on the client statement, and the equity portion over-diversified in its Canadian content with five different funds, Garneau said.

Still, he cautioned against pulling out of the market entirely, because the investor "needs inflation-adjusted income for the next 30 years or more," and with that kind of time frame, "being out of the stock market altogether seems extremely risky and potentially disastrous."
Steven Wheeler of Freedom 55 Financial said recent performance of the chosen funds was average or better, but they came with above-average management expenses and back-end loads, meaning redemption fees if sold before a set period of time. For someone nearing

retirement who may need or want to access funds sooner than later, it's not the ideal scenario, he said. "I personally don't like to sell back-ended fee-based investments. There isn't anything you can do right now, but don't compound your issues by putting new money into these types of investments."

For Harris, the one consolation at this point is that he isn't relying solely on financial investments for his future. He has a company pension he'll start collecting from his longtime employer when he retires at 55 this year. He also owns his home, worth more than triple what he paid 25 years ago. So at least diversification into real estate and a company pension plan paid off.

Investing, however, has proved a major disappointment. "I would do it again, but not as passively. **I should have educated myself earlier,** not relied on advisers," he said. "I'm smarter now, but I'm 54." **And nowhere near freedom 55.**

-- CanWest News Service

CANADIAN EQUITY (GROWTH) FUNDS

1 Year WORST performers

Standard | Short-term | Long-term | Annual | Quartile Ranking | 5-Star Ratings | Key Facts

Sort Order : 1 yr % (To change, click column heading once to sort up, again to sort down)

Update Fundlist

As of June 30, 2009

Add/ Del	Fund name	5 Star Rating	Volatility	1 yr %
	AGF Canadian All Cap Equity (US$)		CEQ	-50.23
	Landry Morin Canadian momentum-F	★	CEQ HI	-47.12
	FrontierAlt Oasis Canada-A	★	CEQ	-44.20
	Assumption/MB TSX Momentum-B (08/06)	★	CEQ HI	-43.90
	Assumption/MB TSX Momentum-C (08/06)	★	CEQ HI	-43.78
	AGF Canadian All Cap Equity		CEQ	-43.21
	Assumption/MB TSX Momentum-A (08/06)	★	CEQ HI	-43.04
	Manulife GIF 1 Canadian Core	★	CEQ AV+	-39.20
	Manulife GIFe 1 Canadian Core	★	CEQ AV+	-39.20
	Manulife GIF CAP A Core Cdn Equity	★	CEQ AV+	-38.97
	Manulife GIF MLIA A Core Cdn Equity	★	CEQ AV+	-38.97
	Manulife GIF MLIP A Core Cdn Equity	★	CEQ AV+	-38.97
	Manulife GIF 2 Canadian Core	★	CEQ AV+	-38.94
	Manulife GIFe 2 Canadian Core	★	CEQ AV+	-38.94
	ROI Sceptre Retirement Growth Sr A		CEQ	-38.81
	ROI Sceptre Retirement Growth Sr 9		CEQ	-38.76
	ROI Sceptre Retirement Growth Sr 7		CEQ	-38.72
	Manulife GIF MLIA B Core Cdn Equity	★	CEQ AV+	-38.64

TYPICAL MUTUAL FUND PERFORMANCE:

REFERENCE: WWW.GLOBEINVESTORGOLD.COM

RETURN

Sort Order : 15 yr % (To change, click column heading once to sort up, again to sort down)

Update Fundlist

As of May 31, 2007

Sample Funds

Add/ Del	Fund name	5 Star Rating	Volatility	1 yr %	3 yr %	5 yr %	10 yr %	15 yr %
		***	CEQ AV+	24.68	14.15	11.03	9.15	10.93
		**	UEQ AV-	17.60	4.36	0.90	6.69	10.61
		*****	DIV AV	19.91	20.14	12.34	7.98	10.01
		***	CEQ AV	19.11	19.19	11.62	6.86	9.77
		****	CBE AV-	14.51	12.89	10.15	8.93	9.75
		****	EUR AV-	29.24	15.21	9.08	8.54	9.61
		***	CEQ AV-	20.35	18.37	10.91	7.27	9.36
		****	CBE AV-	13.52	10.68	7.18	6.96	8.95
		***	GEQ LO	20.01	10.89	8.13	5.20	8.70
		***	GBE LO	15.03	9.43	6.14	6.39	8.35
		****	GEQ AV-	23.69	13.18	6.72	6.34	8.30
		***	NAE AV	17.36	10.13	4.26	4.47	7.95
		***	CIB AV-	12.05	10.33	7.77	6.15	7.57
		**	CIB LO	7.88	6.90	6.15	6.09	6.93
		**	CBD AV+	3.34	3.37	4.40	4.78	6.22
		***	CBD LO	2.75	2.71	3.66	4.02	5.32

COST (MER)

RETURN

Fund Type: Open-Ended

Inception Date: March, 1962
Total Assets: n/a
Sales Fee Type: Back End
Mgmt Expense Ratio (MER): 2.88%
Closed: No

Returns as of May 31, 2007

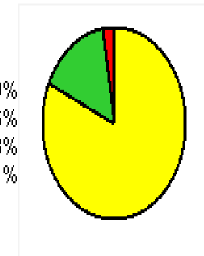
	Fund	Group Avg	Index*
1 month	2.30%	1.59%	3.76%
3 month	4.32%	3.31%	6.44%
6 month	5.49%	5.78%	9.01%
1 year	14.51%	12.09%	18.97%
3 year	12.89%	11.18%	17.53%
5 year	10.15%	8.23%	13.21%
10 year	8.93%	6.90%	9.37%
15 year	9.75%	8.58%	11.19%
20 year	9.22%	7.37%	9.36%
Since Inception	8.48%	n/a	n/a

EXPLANATION:

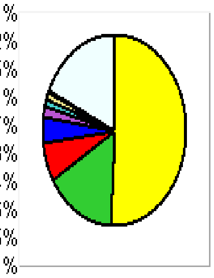
- IT COST (MER) 3% TO GET A RETURN OF 9.75% I.E. YOU WOULD HAVE PAID $1,500.00 PER YEAR FOR 15 YEARS (APPROX. $22,500.00)
- ON AN INVESTMENT OF $ 50,000.00 WHICH WOULD HAVE GROWN TO $ 73,215.00 DURING THAT TIME FRAME.
- YOU EARNED AN ADDITIONAL $23,125.00 ($73,215 - $ 50,000) WHILE THE MUTUAL FUND COMPANY EARNED $ 22,500.00 (ON YOUR MONEY!)

Portfolio Composition

Asset Allocation as of Mar 30, 2007	
Stock	81.89%
Bond	15.66%
Cash & Short Term Securities	2.23%
Other	0.21%



Sector Weightings as of Mar 30, 2007	
Financials	50.81%
Energy	15.42%
Telecommunication Services	6.65%
Utilities	4.41%
Industrials	1.57%
Consumer Staples	1.38%
Consumer Discretionary	1.14%
Other sectors	0.36%
Information Technology	0.15%
Other	18.11%



51% OF THE TOTAL PORTFOLIO WAS IN FINANCIALS!
FINANCIALS ? WHAT ARE THESE? BANKS, MAYBE.

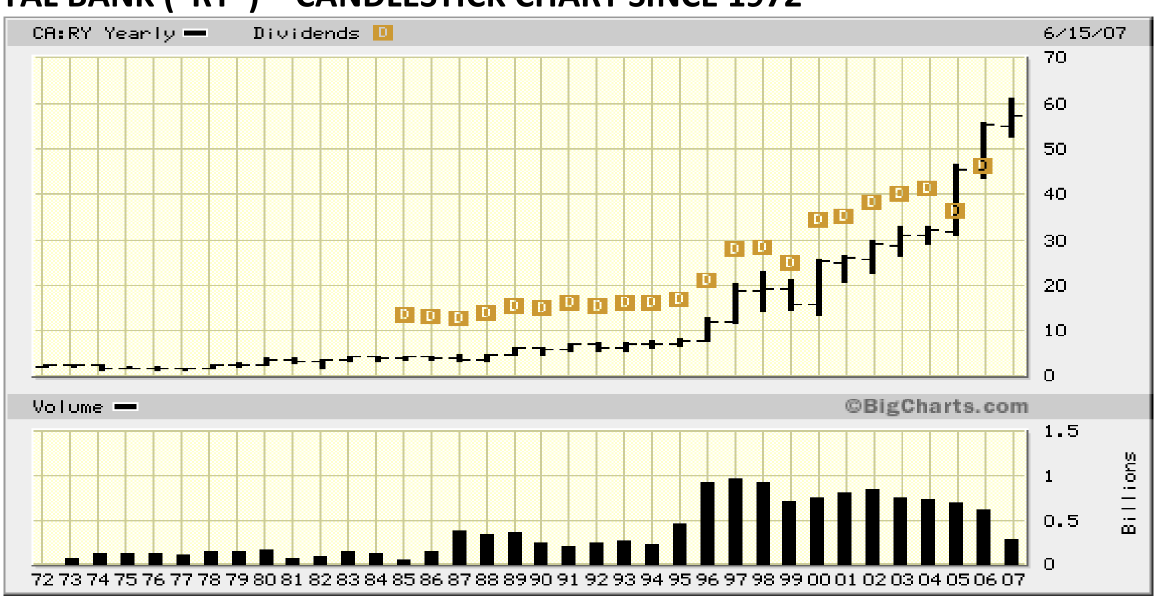
SO WHAT DID THEY BUY UNDER FINANCIALS?

Top Holdings as of Mar 30, 2007

Royal Bank of Canada	-	Fund Ownership
Bank of Nova Scotia	-	Fund Ownership
Bank of Montreal	-	Fund Ownership
CIBC	-	Fund Ownership
TD Bank	-	Fund Ownership
TELUS Corp.	-	Fund Ownership
Sun Life Financial Inc.	-	Fund Ownership
CI Financial Income Fund	-	Fund Ownership

ANYONE INVESTING IN CANADA KNOWS THESE COMPANIES!

ROYAL BANK ("RY") – CANDLESTICK CHART SINCE 1972



If you bought Royal Bank stock in 1992, it was trading at approx. $ 15 per share. Today that share would be worth approx. $ 60.00 per share. Let's say you bought 3,000 RY shares at $15 per share. Your investment would be approx. $45,000.00 and you sold your shares at $57 per share. Your PROFITS would be approx. $126,000.

ON TOP OF THAT you would have received DIVIDEND INCOME every quarter.

QUESTION

COULD YOU NOT BUY & SELL ROYAL BANKS SHARES BY YOURSELF?

ANSWER

YES, YOU CAN
BUT YOU NEED TO LEARN "HOW TO DO IT".

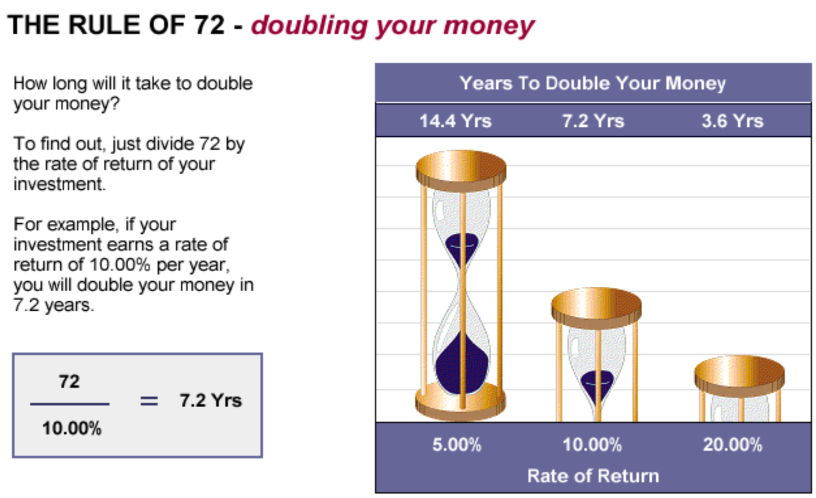
IT IS CALLED SELF-DIRECTED INVESTING!

RICH PEOPLE CONSTANTLY LEARN & GROW;
POOR PEOPLE THINK THEY ALREADY KNOW!

THE RULE OF 72:

A simple way to know the time it takes for money to double is to use the rule of 72.

For example, if you wanted to know how many years it would take for an investment earning 12% to double, simply divide 72 by 12, and the answer would be approximately six years. The reverse is also true. If you wanted to know what interest rate you would have to earn to double your money in five years, then divide 72 by five, and the answer is about 15%.



HOMEWORK

Calculate your EXISTING return on your investments using the Rule of 72 to determine the time frame that it would take to double your capital.

What are you going to change?

Albert Einstein's definition of Insanity:

"……doing the same thing over and over again and expecting different results."

Tell me and I will forget
Show me and I will remember
Involve me and I will learn
(Anonymous)

Over the last few decades, the average person's interest in the stock market has grown exponentially. What was once a toy of the rich has now turned into the vehicle of choice for growing individual wealth. This demand coupled with advances in trading technology has opened up the markets so that nowadays nearly anybody can own stocks.

Despite their popularity, however, most people don't fully understand stocks. Much is learned from conversations around the water cooler with others who also don't know what they're talking about. Chances are you've already heard people say things like, "Bob's cousin made a killing in XYZ Company, and now he's got another hot tip..." or "Watch out with stocks--you can lose your shirt in a matter of days!"

So much of this misinformation is based on a get-rich-quick mentality, which was especially prevalent during the amazing dotcom market in the late 1990’s. People thought that stocks were the magic answer to instant wealth with **no risk**. The ensuing dotcom crash proved that this is not the case. Stocks can (and do) create massive amounts of wealth, **but they aren't without risks**. **The only solution to this is education**. The key to protecting yourself in the stock market is to understand where you are investing your money.

Risk
It must be emphasized that there are no guarantees when it comes to individual stocks. Some companies pay out dividends, but many others do not. And there is no obligation to pay out dividends even for those firms that have traditionally given them. Without dividends, an investor can make money on a stock only through its appreciation in the open market. On the downside, any stock may go bankrupt, in which case your investment is worth nothing.

Although risk might sound all negative, there is also a bright side. Taking on greater risk demands a greater return on your investment. This is the reason why stocks have historically outperformed other investments such as bonds or savings accounts. Over the long term, an investment in stocks has historically had an average return of around 10-12%.

STOCK MARKET INVESTING IS NOT FOR AMATEURS!

You need a comprehensive approach to managing wealth productivity where synergies come from careful planning and leveraging existing investment reserves in purposeful ways for the next generation(s).

Key Components:

- Defining family values
- Establishing investment goals
- Time horizon planning
- Asset/Liability/Cash Flow Management
- Tax & Risk migration

Points to Note:

- FUTURE wealth management decisions and strategies must be based on CORE family & individual VALUES

- FIRST course of action – restructure your investments to meet YOURS and YOUR FAMILY GOALS – **NOT** someone else's idea of what those goals should be!

WHAT IS SELF-DIRECTED INVESTING?

The buying and selling of shares directly from the stock exchanges through an on-line broker.

Self-directed investors are willing to make choices on their own, but also know how to use resources to make those choices.

HOW DO YOU BECOME A SELF-DIRECTED INVESTOR?

Normal questions/challenges/excuses that come up with novice (first time) investors include:

1. Where do I start?
2. I only have Grade 12 education?
3. It was ions ago since I studied anything.
4. I am not computer savvy.
5. I wasn't good at math in school.
6. I don't have the time.
7. Etc. etc.

And so the lists go on and on! But in reality, individuals are fearful when change is required and pay a price for COMPLACENCY.

"Knowledge will forever govern ignorance…" James Madison.

RECENT CHANGES

- ComFree allows individuals to sell/buy homes without a realtor.
- Tax software allows individuals to do their tax returns without a tax accountant.
- Will kits are available for preparing wills without a lawyer.
- Landlines are no longer a 'necessity' with the advent of cell-phones.
- PC software has eliminated many jobs that required specialists
- Etc.

It's not what you are, that holds you back.......

………….it's what you think you're not!

Some very famous people:

Thomas Edison, Cher, Walt Disney, Richard Branson,
Jay Leno, Whoopi Goldberg, Ted Turner and Sir Winston Churchill.

What do they all have in common?

Can you guess?

....they were all dyslexic!

The role that made each of them famous also required a lot of reading. **Do you know how hard it is for a dyslexic person to read?**

But not a single one of those great people above let dyslexia keep them from being all they were created to be.

"It's not what you are that holds you back; it's what you think you're not." Dennis Waitley

It's a MIND-SET that prevents individuals from moving ahead.

SO WHAT IS IT THAT YOU NEED TO KNOW
- THAT WOULD TRANSFORM YOUR FINANCIAL POSITION?

Let’s first look at what you have achieved in terms of letting your money ‘work’ for you….

If you had invested in GIC investments, you probably achieved a return of anywhere between 2 – 4% in the last little while.

If you invested in mutual funds, you would have achieved about 5% in the last few years (excluding any LOSSES that you were given).

Using the rule of 72, your GIC’s would take approx. 20 to 30 years to double in value and mutual funds would have taken you about 10 to 15 years. (Note, if you lost money in your mutual funds, it may take you 30 to 40 years!).

ASSUMPTION: If you were to achieve 30% per year, your capital will DOUBLE within 5 years.

Before you say 30% is IMPOSSIBLE – ask yourself WHY IS IT IMPOSSIBLE?

- Did man fly?
- Did man reach the moon?
- Did man invent television? Cell Phones? Internet? DVD’s?

CHALLENGE THE ASSUMPTION – Write down your thoughts/arguments:

____
____
____
____
____

THERE ARE NAY SAYERS IN EVERY GENERATION

- *"640K ought to be enough for anybody." - Bill Gates, 1981*
- *“Everything that can be invented has been invented.” Charles H. Duell, Office of Patents, 1899*
- *“We don't like their sound. Groups of guitars are on the way out.” Decca executive, 1962, after turning down the Beatles*
- *“We don't need you. You haven't got through college yet.” Hewlett Packard’s excuse to Steve Jobs, who founded Apple Computers instead.*

FOR JUNIOR – "I have NO savings."

OK, here's an example of a university student that has NO savings.

If he/she was able to SAVE $ 5,000 in the first year (i.e. approx. $ 400 per month – stop buying NIKE shoes etc) and learnt to achieve a 30% return per year, he/she would have an annual income of $ 62, 500 per year within 10 years!

Starting Capital			$0.00	
Rate of Return		Added At The End Of Each Year	Traditional 8 % Return	Average 1% Every 14 days (30% Return)
Balance after:	1 Yr	$ 5,000	$ -	$ -
	2 Yrs	$ 5,000	$ 5,400	$ 6,500
	3 Yrs	$ 5,000	$ 11,232	$ 14,950
	4 Yrs	$ 5,000	$ 17,531	$ 25,935
	5 Yrs	$ 5,000	$ 24,333	$ 40,216
	6 Yrs	$ 5,000	$ 31,680	$ 58,780
	7 Yrs	$ 5,000	$ 39,614	$ 82,914
	8 Yrs	$ 5,000	$ 48,183	$ 114,288
	9 Yrs	$ 5,000	$ 57,438	$ 155,075
	10 Yrs	$ 5,000	$ 67,433	$ 208,097
Annual Income after 10yrs			$ 5,395	$ 62,429

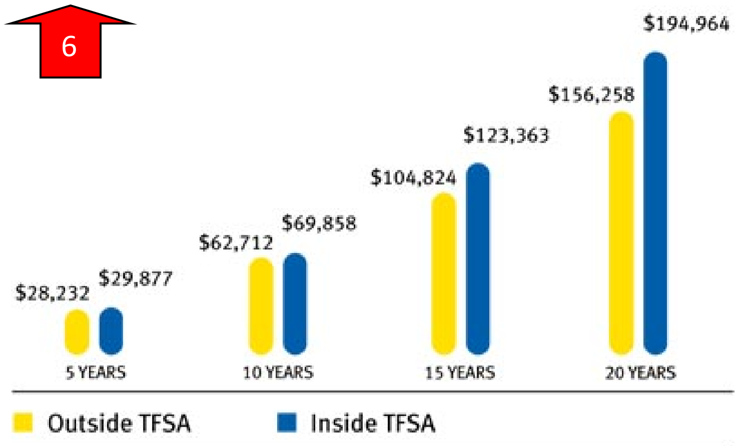
TAX – FREE INCOME?

TFSA Overview

A Tax-Free Savings Account (TFSA) is a flexible investment account that can help you meet both your short- and long-term goals. Investment income in a TFSA—whether you're earning interest, dividends or capital gains—are not taxed, even when withdrawn. This tax-free compound growth means that your money grows more quickly inside a TFSA than in a taxable account

Tax-Free Savings can add up faster

The chart below shows how $5,000 contributed annually, earning 6% interest per year can grow within a TFSA vs. outside of a TFSA.



Assumes tax rate of 32% outside TFSA, with interest income taxed annually. All contributions made at beginning of year. Annual compound rate of return of 6%. For illustration only and not indicative of future returns. Actual tax rates and rates of return will vary.

Information about the Tax-Free Savings Account is based on what is currently available from the Canadian government and can be subject to change.

Source: Royal Bank

FOR THE FAMILY - "I am not sure that I can retire at this rate."

RRSP Account →		→ $100,000.00	
Rate of Return		Traditional Mutual Fund Returns 8 % Return	Average 1% Every 14 days (30% Return)
Balance after:	**1 Yr**	**$ 108,000**	**$ 130,000**
	2 Yrs	**$ 116,640**	**$ 169,000**
	3 Yrs	**$ 125,970**	**$ 219,700**
	4 Yrs	**$ 136,050**	**$ 285,610**
	5 Yrs	**$ 146,930**	**$ 371,293**
Annual Income after 5 yrs		**$ 11,750**	**$ 111,388**

Here's a family that already had $ 100,000 in their RRSP(s) and based on the traditional mutual fund route (assuming that they get 8% p.a.!) their retirement future looks BLEAK!

But if they get 30% per year, they will have an ANNUAL INCOME $ 111,000!

OK – 30% will definitely get us going…..

…………But how do we get there WITHOUT taking excessive risks?

It begins with the MIND-SET

Are you investing to build your family's inheritance or are you trying to get-rich-quick?

CONFIDENCE & CONSISTENCY

IS THE *KEY*
TO SUCCESSFUL INVESTING!

This achieved through KNOWLEDGE!

Philosophy:

By understanding
The process of gaining 1% within 14 days
(Targeted Time Frame)
Achieving approximately 30% per year
(On a compounded basis)

1% within 14 days eliminates FEAR & GREED while protecting your capital.

Here's an example of achieving 1%

Let's look at EXXON MOBIL. *Why?* Does the world require oil? So let's pick a company in the energy sector & trade its shares.

Research: www.globeinvestor.com (stock symbol: XOM)

Fundamental Analysis:
Exxon Mobil Corporation's principal business is energy, involving exploration for, and production of, crude oil and natural gas, manufacturing of petroleum products and transportation and sale of crude oil, natural gas and petroleum products. Exxon Mobil is a major manufacturer and marketer of basic petrochemicals, including olefins, aromatics, polyethylene and polypropylene plastics and a wide variety of specialty products. Exxon Mobil is engaged in exploration for, and mining and sale of coal, copper and other minerals.

ANNUAL FINANCIALS

	Dec 31, 2008 12 Months us$	Dec 31, 2007 12 Months us$	Dec 31, 2006 12 Months us$	3Yr. Growth % Change
Total Revenue ($000):	**477,359,000**	**390,328,000**	**377,635,000**	**8.80**
Earnings before Interest & Tax ($000):	81,750,000	70,874,000	68,056,000	10.91
Profit/Loss ($000):	**45,220,000**	**40,610,000**	**39,500,000**	**7.77**
Earnings per Share:	8.69	7.36	6.68	14.69
Total Assets ($000):	228,052,000	242,082,000	219,015,000	3.06
Dividends Per Share	1.55	1.37	1.28	
Return on Com. Equity:	38.53	34.47	35.11	

Exxon made $ 45 billion in profits!

Based on its financials, it's a great company to place your capital in.

BUT how did it do in the OCT/2008 stock market melt-down

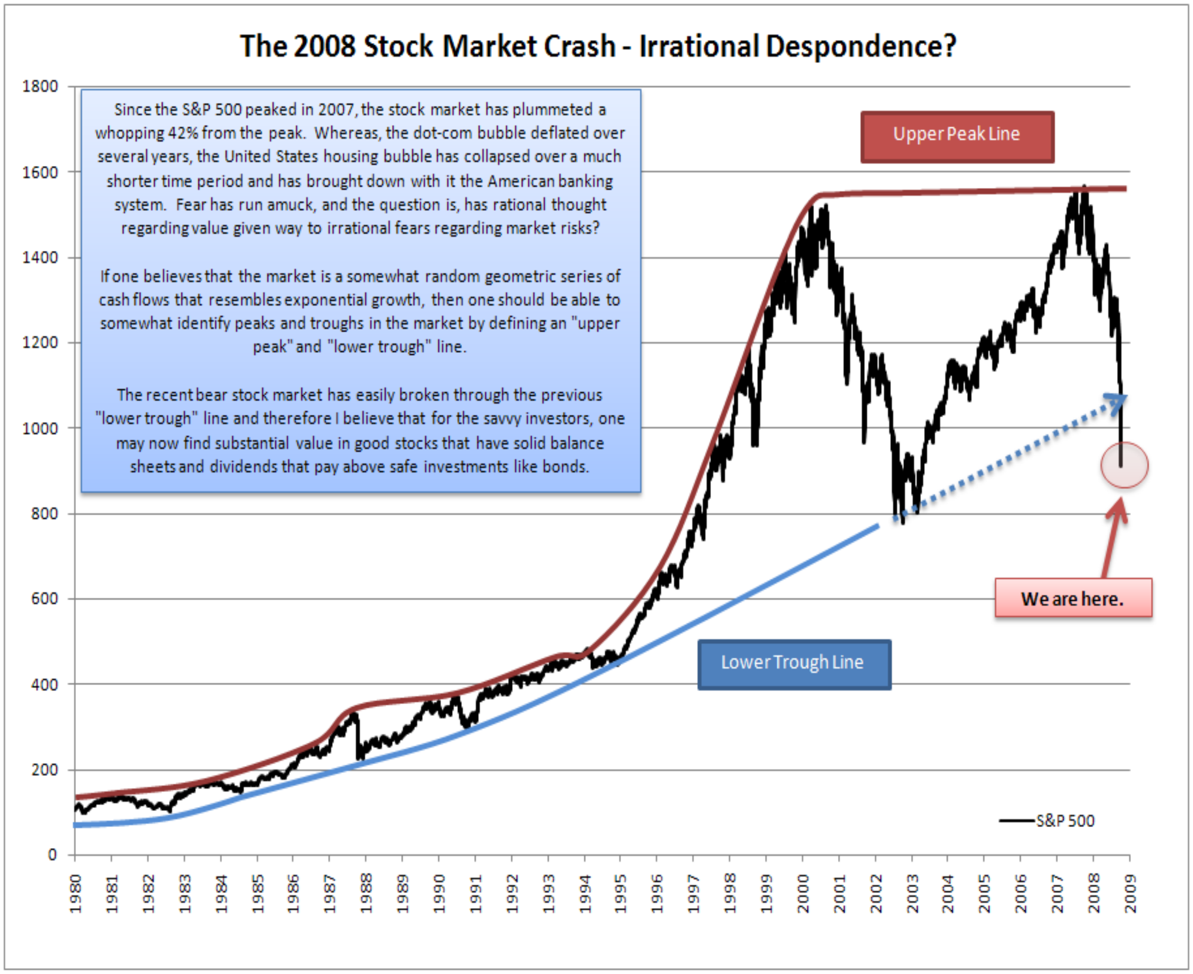
DO YOU RECALL THE HEADLINES……… …….the world has ended & it is a repeat of 1929!

How did your fund perform? What was their explanation?

Did you know that if your fund lost 50%, it will have to generate 100% to break-even?

How much did it cost you?

THE 2008 STOCK MARKET CRASH (42% Decline)



Let's look at our performance DURING the mayhem of OCT – NOV 2008!

OCT 16th to Nov 24th, 2008, we recorded a 10% return on Exxon!

Price History for Symbol: XOM-N					GAIN	
Last: 78.640 Last Trade: Nov 26, 2008 13:50 EST					Per Share	500 Shares
Date	Close	High	Low			
Nov 25	$ 78.11	$ 79.56	$ 76.92			
Nov 24	$ 78.80	$ 80.23	$ 75.31		$ 0.76	$ 379.05
Nov 21	$ 75.81	$ 76.20	$ 69.15			
Nov 20	$ 68.51	$ 75.42	$ 68.30			
Nov 19	$ 73.42	$ 77.13	$ 73.05			
Nov 18	$ 76.33	$ 76.99	$ 73.03		$ 0.73	$ 366.90
Nov 17	$ 73.38	$ 76.46	$ 73.00			
Nov 14	$ 73.68	$ 77.75	$ 71.90			
Nov 13	$ 75.41	$ 76.50	$ 67.54		$ 0.69	$ 344.65
Nov 12	$ 68.93	$ 72.22	$ 68.70			
Nov 11	$ 72.65	$ 74.16	$ 71.59			
Nov 10	$ 74.02	$ 75.84	$ 72.80			
Nov 07	$ 73.95	$ 75.59	$ 70.48		$ 0.70	$ 349.80
Nov 06	$ 69.96	$ 73.88	$ 69.40			
Nov 05	$ 73.69	$ 77.34	$ 72.84			
Nov 04	$ 77.49	$ 77.96	$ 75.07		$ 0.74	$ 371.45
Nov 03	$ 74.29	$ 75.18	$ 72.50			
Oct 31	$ 74.12	$ 77.36	$ 73.25		$ 0.75	$ 375.25
Oct 30	$ 75.05	$ 75.70	$ 71.47			
Oct 29	$ 74.65	$ 77.99	$ 73.06			
Oct 27	$ 66.09	$ 70.98	$ 65.00		$ 0.69	$ 345.20
Oct 24	$ 69.04	$ 70.98	$ 64.00			
Oct 23	$ 70.39	$ 70.39	$ 64.39		$ 0.65	$ 322.85
Oct 22	$ 64.57	$ 69.36	$ 63.90			
Oct 21	$ 71.50	$ 74.33	$ 69.21			
Oct 20	$ 74.99	$ 75.00	$ 69.74		$ 0.68	$ 340.20
Oct 17	$ 68.04	$ 72.44	$ 65.60		$ 0.69	$ 347.25
Oct 16	$ 69.45	$ 69.68	$ 59.17			
Oct 15	$ 62.35	$ 70.76	$ 61.33			
				GAIN	$ 7.75	$ 3,873.05

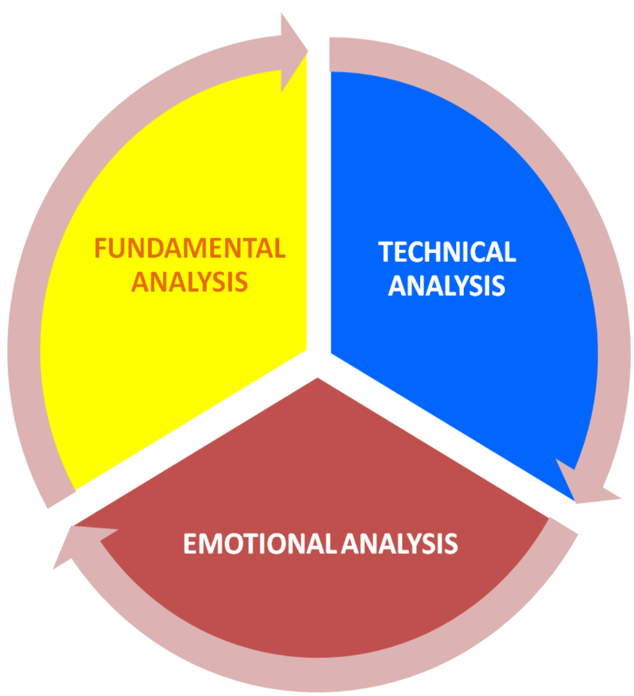
Every time it shows yellow, we bought and every time it shows green, we sold for 1%. Imagine if you made 10% per month for 5 months!

So how do we do that?

Jan 2019-July 2019 Track Record: 30% in 6 months

DATE STOCKS SUGGESTED	SUGGESTIONS				EXECUTION						RESULTS		
	Symbol	Buy	Sell	Exit	Buy Date	Buy Price	Shares	Cost	Sell Date	Sell Price	GAIN		DAYS
			+/-					Below $ 30K			$	%	
14-Jan	IMO	$ 35.00	$ 44.00	$ 33.00	14-Jan	$ 35.50	500	$ 17,750.00	18-Jan	$ 37.00	$ 750.00	4.2%	4
11-Feb	LNR	$ 48.00	$ 51.00	$ 44.00	11-Feb	$ 48.00	500	$ 24,000.00	22-Feb	$ 52.00	$ 2,000.00	8.3%	11
	ENB	$ 48.00	$ 49.50	$ 45.00	13-Feb	$ 47.00	500	$ 23,500.00	21-Feb	$ 48.50	$ 750.00	3.2%	8
22-Feb	RY	$ 100.00	$ 103.00	#	25-Feb	$ 102.50	250	$ 25,625.00	1-Mar	$ 103.50	$ 250.00	1.0%	4
4-Mar	RCI.B	$ 70.00	$ 73.00	#	5-Mar	$ 70.00	250	$ 17,500.00	14-Mar	$ 72.25	$ 562.50	3.2%	9
11-Mar	CP	$ 275.00	$ 279.00	$ 271.00	11-Mar	$ 275.50	100	$ 27,550.00	11-Mar	$ 278.00	$ 250.00	0.9%	0
					12-Mar	$ 271.00	100	$ 27,100.00	15-Mar	$ 275.50	$ 450.00	1.7%	3
17-Mar	FSV	$ 113.00	$ 115.00	$ 110.00	19-Mar	$ 112.00	150	$ 16,800.00	21-Mar	$ 114.00	$ 300.00	1.8%	2
1-Apr	RY	$ 101.00	$ 103.00	$ 98.00	1-Apr	$ 101.25	250	$ 25,312.50	4-Apr	$ 103.75	$ 625.00	2.5%	3
	TD	$ 73.00	#	#	1-Apr	$ 73.00	300	$ 21,900.00	5-Apr	$ 74.75	$ 525.00	2.4%	4
	CM	$ 105.00	#	#	1-Apr	$ 107.00	200	$ 21,400.00	5-Apr	$ 109.00	$ 400.00	1.9%	4
15-Apr	RCI.B	$ 71.00	$ 72.50	$ 69.00	16-Apr	$ 71.25	250	$ 17,812.50					
					22-Apr	$ 66.00	250	$ 16,500.00					
						$ 68.63	500	$ 34,312.50	28-Jun	$ 70.00	$ 685.00	2.0%	74
2-Jun	TIH	$ 60.00	$ 62.00	$ 57.00	4-Jun	$ 58.50	300	$ 17,550.00	20-Jun	$ 62.00	$ 1,050.00	6.0%	16
9-Jun	SAP	$ 40.00	$ 43.00	$ 38.00	11-Jun	$ 39.50	200	$ 7,900.00	9-Jul	$ 40.50	$ 200.00	2.5%	28
	CTC.A	$ 135.00	$ 138.00	$ 134.00	10-Jun	$ 135.50	175	$ 23,712.50	14-Jun	$ 138.00	$ 437.50	1.8%	4
23-Jun	ATD.B	$ 83.00	$ 85.00	$ 81.00	24-Jun	$ 82.00	200	$ 16,400.00	3-Jul	$ 85.50	$ 700.00	4.3%	9
8-Jul	SU	$ 41.00	$ 43.00	$ 38.00	8-Jul	$ 41.00	300	$ 12,300.00	11-Jul	$ 42.50	$ 450.00	3.7%	3
	SCL	$ 17.00	$ 20.00	$ 16.00	9-Jul	$ 17.25	500	$ 8,625.00	22-Jul	$ 17.50	$ 125.00	1.4%	13
	#	*News Letters*			Assume Portfolio Approx. $ 35,000.00 (on avg.)						$ 10,510.00	30.0%	6 months

INVESTING REQUIRES KNOWLEDGE in 3 AREAS:



Fundamental Analysis – The SCIENCE of investing
Technical Analysis – The ART of trading
Emotional Analysis – Risk Management & risk tolerance

- FIRSTLY, you are an **INVESTOR**
- SECONDLY, you only '**TRADE**' those companies that you ***will*** invest in.
- THIRDLY, only invest the amount that your risk tolerance will allow (position-sizing)

"The human mind, once stretched to include a new idea, does not shrink back to its original propositions." Holmes

IN A NUTSHELL – only with KNOWLEDGE, you can be successful…………

THE TRAIN2INVEST COURSE

Train2Invest offers **A COMPLETE SOLUTION** in taking a novice investor (i.e. without any prior knowledge of investing or trading or computers) to achieve a skill set that empowers them to trade with **CONFIDENCE & CONSISTENCY.** The model is based on conveying a simple and proven approach of attaining small gains (1%) within a targeted time frame (14 days) to achieve a specific return on invested capital within a year (30% p.a. on a compounded basis).

The Train2Invest Program

Creating Educated Investors

WHAT DOES TRAIN2INVEST DO

TRAIN2INVEST INC is an education and training organization providing a new way for individuals, families and communities to think about wealth management. By empowering people to take an active role in managing their money we are able to change lives and help create financial peace of mind for current and future generations.

We provide a hands-on, practical learning and mentoring environment enabling our students to develop a comprehensive knowledge and understanding of investing in the stock market. Our TEACH, TRAIN, and COACH education process is delivered in such a way that people from all backgrounds, education levels, professions or adult age groups can participate. The aim is to take novice or inconsistent experienced investors and develop a level of confidence such that they will attain the desired results on a consistent basis. We teach a philosophy of achieving small consistent gains of 1% within 14 days that when compounded will generate a 30% annual rate of return.

The company was incorporated in Winnipeg, Manitoba in 2004 and currently has over 2500 students across Canada.

CURRENT SITUATION

All too often, individuals who are very successful at their careers or at running their business remain intimidated at the thought of managing their own investments. They feel inadequate in their abilities to understand what is required and subsequently rely almost solely on "experts" to make the decisions for them. Even though most people are highly capable of making informed, intelligent choices, they abdicate their most important resource (hard earned savings and investments) to third parties who may not share the same goals as the individual. They follow the advice of outdated investing philosophies that limit the growth of their portfolios and they pay significant fees to the financial services industry. Returns are usually mediocre at best and quite costly at worst resulting in real challenges for families as they age towards retirement.

At TRAIN2INVEST we focus on changing that inherited mindset by teaching people to follow a strategy and philosophy that produces sound results and by building their confidence through action.

THE EDUCATION PROCESS

When it comes to the management of investments, you don't need a PhD in finance or economics to consider taking on this responsibility. The skill-set of investing, just like any other skill-set we learn, can be successfully attained through education, practice and ongoing improvement over a period of time. No one expects you to be an "expert" in a weekend.

TRAIN2INVEST was founded on the concept of providing a superior financial and investment education through a 'student-centered' approach. The student's success is our number one priority.

The TRAIN2INVEST program is a comprehensive 12 month hands-on learning experience delivered in 3 unique phases. The time factor is important because we cannot change old habits or develop new ones with any degree of success within a few weeks.

The **TEACH, TRAIN, and COACH** approach delivers complex issues in bite-sized modules eliminating information overload and targeting critical information analysis for decision making. We follow a complete step-by-step learning process supported by knowledgeable coaches and mentors so each student can confidently learn, practice and develop the necessary skills required to manage their investments.

Because no two people learn the same way or at the same pace, we encourage individuals to repeat areas they don't understand. We encourage spouses to participate together because wealth is about family not just money. We focus on the principles of capital preservation and reducing risk through knowledge.

Our education is delivered online and our students participate in a virtual classroom. All of the education is instructor-led and we encourage interactivity. This geographic-independent delivery method provides accessibility to anyone who has high speed internet.

Knowing that most people lead busy lives, we have structured the classes in a manner that provides flexibility for most schedules. Classes are delivered weekly with some requirement for homework and practice in between. Our students progress at a pace that is both comfortable and compatible with their individual goals and circumstances.

Our integrated approach provides our students with the knowledge, tools, and techniques required to achieve financial independence and build long-term, sustainable wealth.

THE TRAIN2INVEST PROGRAM

Our philosophy is simple. We believe anyone can learn wealth accumulation and money management skills through a curriculum of reality-based training that can be applied in real-world situations. Through a systematic progression of training, coaching and mentoring, students acquire higher levels of wealth intelligence that they can use to improve the quality of their lives. Naturally the education gives anyone the potential to generate both cash flow and capital growth but this potential can only be transformed into real wealth through motivation and discipline.

The model is based on conveying a simple and proven approach of attaining small gains (1%) within a targeted time frame (14 days) to achieve a specific return on invested capital within a year (30% on a compounded basis). Since most people look at investing from a long-term buy and hold perspective, it is difficult for them to grasp a 30% rate of return. However with the application of a new philosophy (shorten the hold cycle and be satisfied with a small gain every time) we can change the way people make decisions and subsequently build wealth.

The program is about investing in solid, blue-chip companies by trading their individual shares. Students learn how to analyze sectors and companies, how to establish trading ranges, when to buy their shares, how to monitor their positions, how to protect their capital and how to sell their shares for profit.

THE CURRICULUM

PHASE 1: TEACH

PHASE 1 consists of 7 modules delivered over 14 unique teaching sessions (1 ½ hours per session per week). Any of these sessions can be re-taken or re-scheduled for up to one year ensuring that all of our students have adequate time and support to understand and progress.

In the event that certain **individuals who DO NOT have computer or internet experience**, we even provide introduction classes to ensure technology does not get in the way of building wealth.

The purpose of PHASE 1 is to develop a comprehensive knowledge and understanding of the markets and how to make good fundamental choices.

Module 1: Week 1 A. Stock Market Basics (What Impacts the Stock Market)
Week 2 B. Technical Analysis: Live Investor Data feed & Charting Tool
Module 2: Week 3 A. Financial Excellence (Capital Preservation & Risk Management)
Week 4 B. Technical Analysis: Crowd & Individual Psychology
Module 3: Week 5 A. Economics (The Laws of Supply & Demand)

Week 6 B. Technical Analysis: Technical Indicators & Trend Analysis
Module 4: Week 7 A. Globalization (The Global Economy)
Week 8 B. Technical Analysis: Modern technical Analysis
Module 5: Week 9 A. Governments (Geopolitics & External Events)
Week 10 B. Technical Analysis: Paper Trading – Plan & Journal
Module 6: Week 11 A. Fundamental Analysis (Profits; Cash Flow & B/Sheet Strength)
Week 12 B. Technical Analysis: Risk management & Stop Loses
Module 7: Week 13 A. Company Research Report (Reasons to Invest/trade)
Week 14 B. Technical Analysis: Review & the 'Hat Trick' System

During PHASE 1 the students will learn to:

- Understand the basic component of trading shares and be able to perform that function readily in all market conditions
- Understand risk and be able to establish their own risk profile to be used in trading
- Be able to research organizations and establish criteria in selecting which organizations to invest in
- Understand the dynamics of trading and apply the philosophy to their trading style
- Understand the need for discipline when applying an investment strategy

PHASE 2: TRAIN (Advanced Sessions)

As students move into PHASE 2 they are beginning to paper trade and make decisions on companies and sectors. This phase focuses on applying the learned concepts to actual decisions with real companies. Advanced technical analysis begins to build better timing strategies by focusing on chart analysis and technical indicators.

1. **Advanced Session 1** – Target & Triggers: Applying techniques used by professionals and market veterans.
2. **Advanced Session 2** – Minding Markets: –Understanding Market Breadth; Duration; Sentiment & Team-based Research Projects
3. **Advanced Session 3** – Risk management & Emotional Analysis

PHASE 3: COACH (Coaching & Support)

As students move into PHASE 3 they are beginning to trade with real money. This phase is focused on helping students develop better trading strategies through ongoing communication, support and mentoring. Students have access to regularly scheduled analyst sessions, periodic market updates, weekly market emails, monthly newsletters and special small group discussions. Many students will re-take classes during this phase as the content is much more applicable now that they are making real decisions.

Key items include:

- Weekly analyst sessions
- Paper trading analysis
- Advanced technical analysis support
- Individual coaching
- Periodic market update classes
- Weekly and monthly market information
- One-on-one support

TOOLS:

TRAIN2INVEST believes tools are necessary to make your job easier but they are not there to replace your ability to think. Included with the program

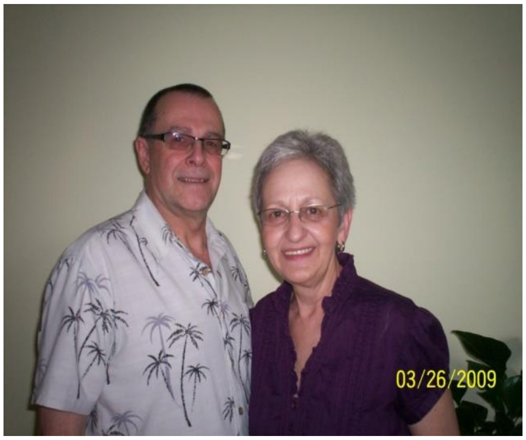
- Analytical charting software
- Live data feed from the Stock Exchanges
- Dummy accounts for paper trade tracking
- Monthly news letter with market commentary
- Weekly emails with relevant economic information

THE RESULTS:

With the knowledge, structure and planning, tools and with the right support resources, almost any individual has the potential to make money trading stocks. The change in your financial future through education is nothing short of phenomenal. (Our TESTIMONIES answer critics & skeptics.)

TESTIMONIALS – www.train2invest.com

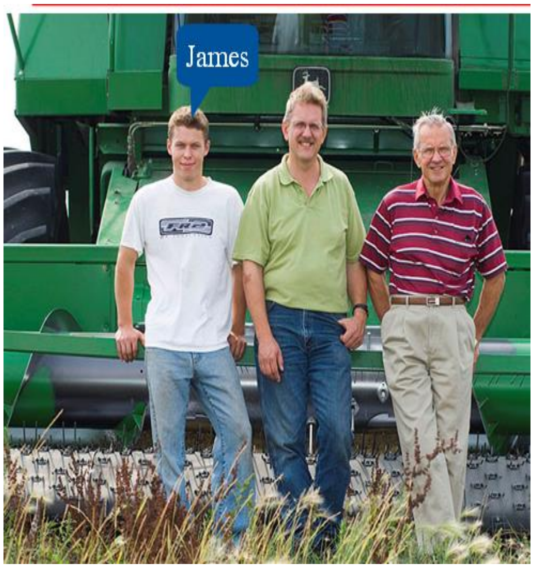
Paul & Phyllis Gazdewich , Yorkton



Train2invest's claim is that you can make at least 30% profit in one year. Since the beginning of 2009 until now (May, 2009) we have achieved **47%** in our trading. WOW!!!! They were right; you can make 30% and more in one year. We still have seven more months to go this year.

A Family Affair….

Three Generations of Stock Investors



Gary Karlowsky - a 75 year old farmer who never owned a computer or traded stocks -started the course in the fall of 2005. For 2007, his return was 74%!

Paul Karlowsky says that his portfolio has doubled in 2007 & his wife Erna helps him with trading decisions. My teenage daughters have signed up as well!

James Karlowsky says that 'the turning point for me came the instant I did my first trade and made money. Farming is gambling for all intents and purposes. This isn't. The course is worth the price, by far!".

Marcel Dorge (80 years) & Mariette Collette, Winnipeg, MB

Dad and I could never have done this without the extensive training from the staff at Train2Invest. ***We had no knowledge of computers*** or the stock market.

I achieved 66% in 2008 & we have achieved more than 30% this year.

Merv & Betty Fehr
Portage la Prairie, Manitoba

"We also have made approximately $30,000.00 profit from trading this last year."

DYSLEXIC
NO COMPUTER KNOWLEDGE
DROPPED OUT OF HIGH SCHOOL

"Dear Bert:
1.5 years ago we started taking your class. We were computer illiterate, had no stock experience and I was a dyslexic high school drop out to boot. We heard you were going to have an info meeting in Portage la Prairie. That night I took my wife along to hear more about it.

WHY DO YOU NEED TRAIN2INVEST?

To truly generate wealth for your family & to manage your inheritance,

- ☐ You need a LECTURER – to provide the knowledge
- ☐ You need a COACH – to apply that knowledge
- ☐ You need a TEAM – to provide guidance & support

BE YOURSELF; LEARN ALL YOU CAN, & LET THE WORLD KNOW THAT YOU EXIST!

THE SECRET OF SUCCESS

“The true secret of success are not degrees from universities, associations with the wealthy, applause from others, or wise business opportunities. The true, everlasting secrets to success are sorrows, disappointments, tears, frustration, and failure. Without these hurtful experiences, no man can honestly know himself, recognize his courage, or respects others. The pillars that support a man’s character, stabilize his spirit, and strengthen his determination develop from adversities and heartache. Without enemies, how can a man cherish his friends? If a man’s dreams are not obtained then how can he understand risk, or face suffering? All men have within them a talent that, when found, creates a boldness that attracts and encourages all, but to find in that gift from God, a man must explore, touch the fires of doubt, and sip from the cup of pity. He must build on sand, be foolish, and scar the soul with pride. Then, when all is lost, all is found through a tried consciousness that has grown weary. It is at this point that a man silently reaches out, touches the fingers of hope, and acknowledges that his mansion of success is built on single blocks of stone carved with compassion and cut from quarries only God blesses with power and love.” Anonymous

THE COST

Our course is very extensive and tuition is equivalent to that of a good year's worth of university tuition in a high level course. The value of what we teach is quickly seen by all once they learn more about our company, our course and our student's successes. Therefore, in order for you to fully appreciate what we offer, both in terms of cost & benefit, it is important that you attend a free informational session.

CALL 204-414-9106 OR EMAIL: admin@train2invest.com