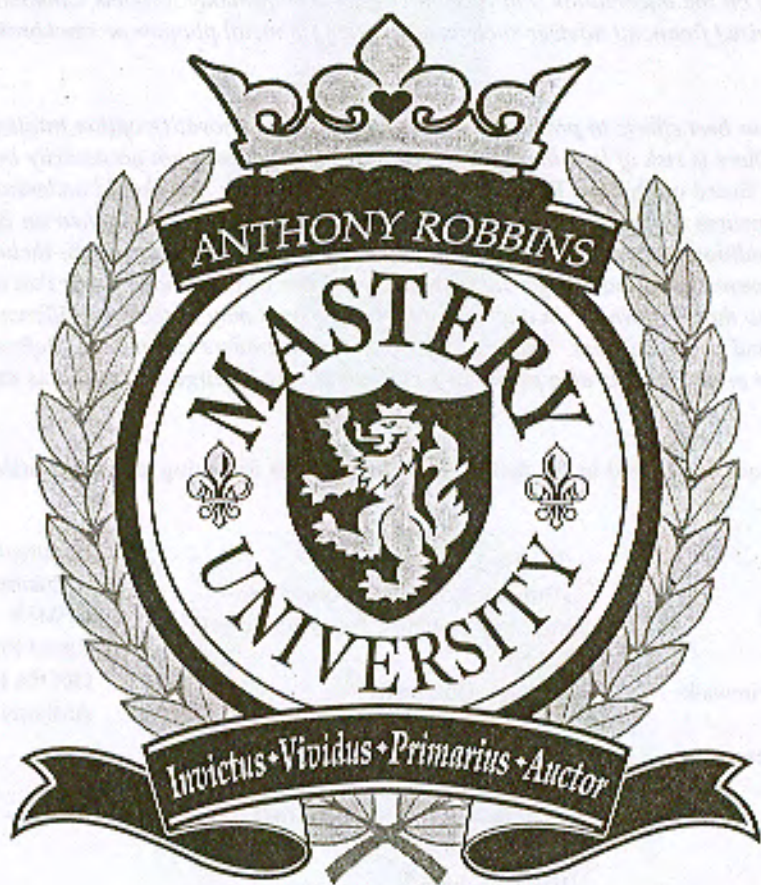




WEALTH MASTERY





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Dear Friend,

Congratulations and welcome! My staff and I are privileged to have you as a participant in Wealth Mastery. In a world where everyone talks about *wanting* to improve various aspects of their lives, you are one of the rare few who has **taken action!** By attending Wealth Mastery, you are demonstrating your commitment to improving the quality of your life, no matter how good it may already be. In turn, we are completely committed to supporting you and producing the experience of a lifetime. We've put together what we believe is the most dynamic, insightful, and outstanding program ever conducted in the area of finances. Our goal is to provide you with information that will significantly improve the quality of your life.

Many people foolishly convince themselves that all of their problems would be solved if they only had enough money. Equally ridiculous is the belief that mastery of your finances won't offer you greater opportunities in life. After all, what is money, anyway? It's the medium of exchange that allows us to simplify the process of creating, transferring, and sharing value with each other. In today's world, mastering your finances is no longer something we *should* do; it's an absolute must!

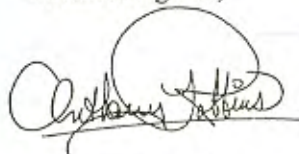
In order to get the most out of your time with us, you must decide to do three things: 1) absorb the vital information offered during the next four days; 2) experience your own ability to create profound change in any aspect of your life through disciplined effort; and 3) thoroughly enjoy yourself!

Make a decision *right now* to empower yourself to be responsible for achieving the maximum benefit from this program. Even with phenomenal resources at your disposal, resources don't create change—*you do!*

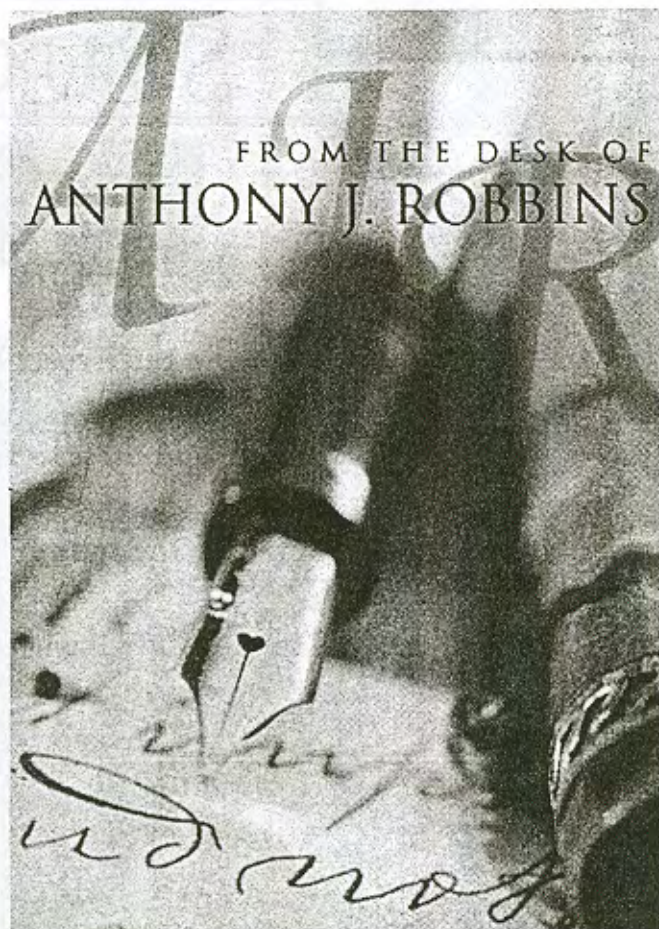
Let's make a mutual commitment now to keep our energy high, stay focused, and use what we're learning to stretch ourselves in a way that increases the quality of our lives forever. I salute your courage and commitment, and look forward to forging a powerful alliance with you that creates a measurable difference in the quality of our lives, and all the lives we have the privilege to touch.

Live with passion!

Warmest regards,



Anthony J. Robbins
Chairman of the Board
The Anthony Robbins Companies





SUCCESS

“To laugh often and much;
to win the respect of intelligent people
and the affection of children;
to earn the appreciation of honest critics
and endure the betrayal of false friends;
to appreciate beauty;
to find the best in others;
to leave the world a bit better,
whether by a healthy child, a garden patch
or a redeemed social condition;
to know even one life has breathed easier
because you have lived.
This is to have succeeded.”

— RALPH WALDO EMERSON —



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WEALTH



MASTERY

GETTING STARTED:
YOUR
FINANCIAL
FUTURE
BEGINS NOW!



THE MASTERY UNIVERSITY IDENTITY

*We are
unconquerable
leaders of
vision and action,
serving, contributing,
and celebrating life!*





THE MASTERY UNIVERSITY CREED

*Mastery is achieved by living this creed
and knowing that you are:*

INVICTUS

Unconquerable. Undaunted. A commitment to being victorious.

In this state is the power within you gives you the drive to handle any challenge.

It is the result of a decision to be unbowed; a decision that no obstacle will stop you.
You are a person who utilizes whatever opportunities life brings to your advantage and to
the advantage of all those you serve.

VIVIDUS

Animated. Passionate. Vigorous. One who is full of life. A sense of curiosity and wonder.

One who is grateful for all of life's experiences, both challenging and exciting.

A powerful and playful soul who loves, appreciates, and celebrates life!

PRIMARIUS

Primary. Foremost. Finest. First. Distinguished. The best. On the cutting-edge.

A person of influence and impact. One who never settles for less than he or she can be.

One who is continually growing and improving. A living example of CANI!

AUCTOR

A leader. A catalyst. A doer. An originator. A backer. A supporter.

One who gives increase. The founder of a family. An architect of a building.

An author of a book. An originator or leader of an enterprise or community.

A creator of possibilities. An example of the unlimited rewards that are
available to all those who commit to a life of service.



TEN COMMANDMENTS OF SUCCESS

*In order to succeed in the Wealth Mastery program,
I agree that at all times:*

1. **I will manage my state for optimum learning and enjoyment. I will:**
- Stay playful and passionate.
 - Consistently monitor my physiology to stay resourceful.
 - Condition my mental focus so it consistently empowers me and others.
 - Consistently ask myself and others empowering questions.
 - Consistently seek and find empowering meanings for anything that occurs during this training—or in my life.
2. **I will learn from every situation and continually focus on achieving my personal and team outcomes. I will consistently ask myself:**
- What do I *really* want from this situation?
 - How can I learn from it?
 - How do I *really* want to feel *now*?
 - How can I contribute to others in a *measurable* way?
3. **I will remember that to win, I must play full out! I will:**
- Attend all sessions.
 - Give 100% of myself in each class or team meeting I attend.
 - Participate in the walk/run/stretch.
4. **I will remember that short-term “failure” often creates long-term success. In other words, I will remember that:**
3. Experience is often the result of bad judgment.
 2. Good judgment is the result of experience.
 1. Success is the result of good judgment.
5. **I will remember that lack of experience can often be an advantage. I will learn by doing!**



6. I will task myself to work on areas where I need:
- Improved skills.
 - More options/new skills.
 - To practice new behaviors and expand my strengths!
7. I will constantly catch myself and others doing things right and reinforce it in the moment. I will:
- Remember that any behavior that is continually reinforced will be duplicated and eventually become a habit.
 - Interrupt limiting patterns *the moment they occur*. Realize that my increased awareness (my ability to catch myself) and my immediate action (my ability to make a correction) are signs of huge progress.
8. I will utilize scheduled meetings with my seminar coach to answer my questions and maximize my learning.
9. I will strengthen my new identity daily. I will
- Invest a minimum of ten minutes each night to review my notes and my progress from the day.
 - Preview tomorrow's material.
10. I will stretch myself well beyond my past limits every day, and enjoy the rewards of an expanded life!

I have read and agree to the above. I recognize that I am totally responsible for the value I receive from this training.

I hereby give permission to my trainer and my team members to task me to keep my word. I am committed to creating the greatest possible value for myself and others over the next four days!

Signature

Date



THE WHEEL

B

ecause a team is only as strong as its weakest link, and since the ability to influence and support one another in a joint endeavor is critical to lifelong success, your team's attendance and contribution to others will be a source of rewards and penalties.

RULES OF THE GAME

- Attendance at every session is required to qualify your team for entrance in the "Winners' Wheel" contests.
- Throughout each day, we will periodically spin the wheel, and only those individuals present in the room are eligible to win the prizes (ranging in value from \$50 to \$10,000!).
- But watch out! If you should win but not be present to claim your prize, not only do *you* not win, but you disqualify your entire team from winning during the next spin—***OUCH!***
- Only the Wealth Mastery Staff Doctor can excuse you from attendance, and you must obtain a note in advance.
- *Sorry, no exceptions to this rule!*

Do ya feel lucky?

"When we do the best that we can,
we never know what miracle is wrought
in our life, or in the life of another."

HELEN KELLER





BUDDY EXERCISE

"The worst that can be
said of a man is that
he did not pay attention."

WILLIAM MEREDITH



BUDDY EXERCISE

1. *Why did you pick your buddy?*
2. *Why are you here?*
3. *What has been the most embarrassing moment in your life?*
4. *Why can your buddy count on you?*

MY BUDDY

(Buddy's name)

(Nickname)

(Hotel and room number)



TEAM FORMATION



1. Choose a chairperson: _____

2. Create a name for your team: _____

3. Determine a purpose for your team: _____

4. Create a visual external (V^e) symbol for your team (a physical metaphor).

V^e symbol:

5. Create an auditory external (A^e) symbol for your team.

A^e symbol:

6. Create a kinesthetic external (K^e) symbol for your team.

K^e symbol:

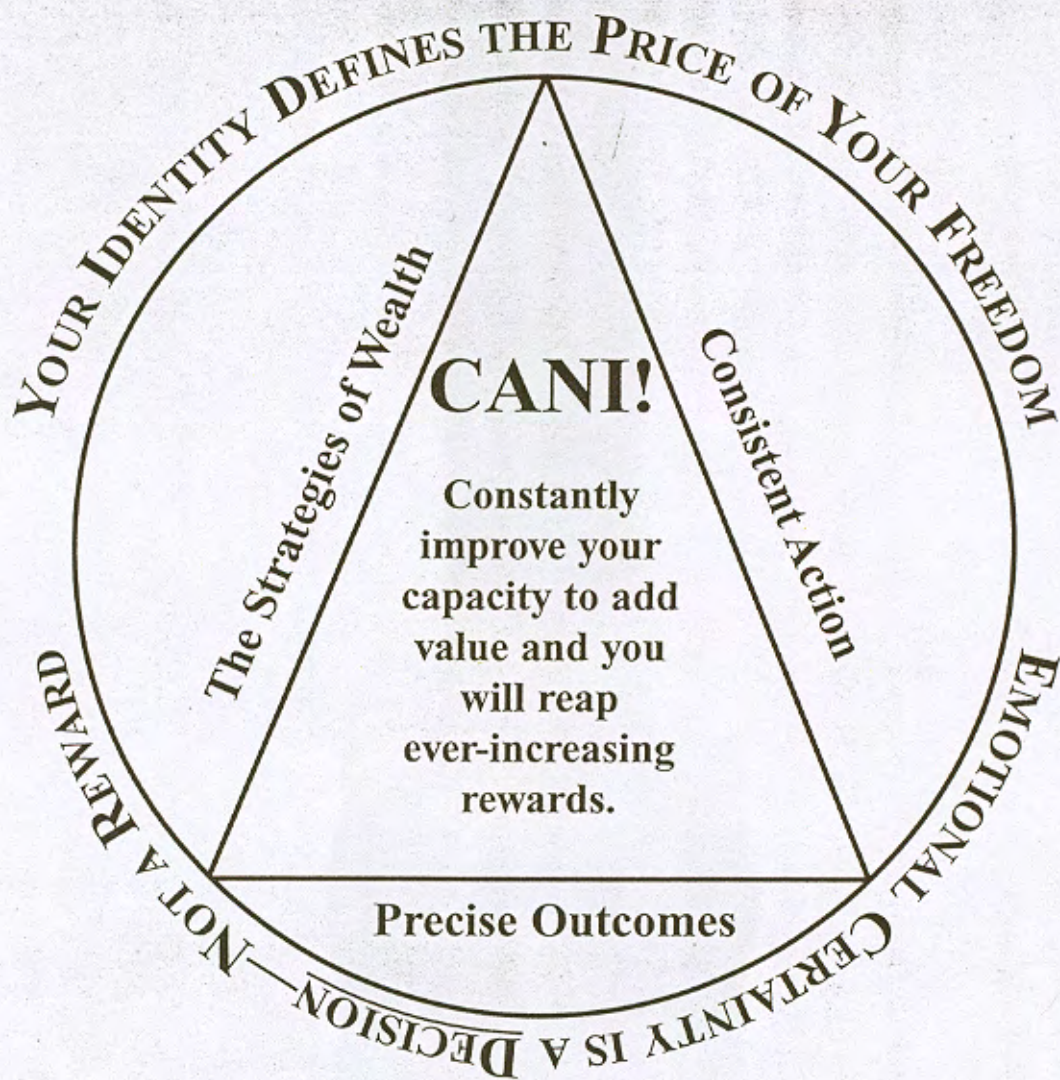


NOTES



WEALTH MASTERY

ALL WEALTH BEGINS AND ENDS IN THE MIND





NOTES



WEALTH



MASTERY

LESSONS IN MASTERY:

WHAT DO YOU REALLY WANT?



THE FIVE LESSONS OF LIFE MASTERY

We get what we focus on. The challenge is that in the “School of Life,” most people major in minor things, and are therefore unfulfilled. The truth is there are only a handful of areas we must master in our lives in order to succeed at the highest level. Those areas are as follows:

1 *We must learn to master our _____.*

2 *We must learn to master our _____.*

3 *We must learn to master our _____.*

4 *We must learn to master our _____.*

5 *We must learn to master our _____.*



FOUR QUESTIONS ABOUT FINANCIAL PRESSURE

- 1** When was the last time you felt financial pressure?
- 2** Do you currently feel financial pressure in your life?
- 3** Does having more _____ really create less financial pressure?
- 4** When have you felt completely free from financial pressure?

WHAT PEOPLE REALLY WANT IS

_____.

People want to be certain that in the future they will *not* have to experience pain. They want to know they will have the financial freedom to do whatever they want, whenever they want, wherever they want, with whomever they want, as much as they want.



*“Solvency is entirely
a matter of temperament
and not of income.”*

— LOGAN PEARSALL SMITH —

TAKE NOTE

Wealth does not come from having a certain amount of money, it comes from adopting a new set of _____.

Whatever financial success you expect—whatever mental picture you create—will manifest in your life.

Cultivate an _____
rather than lack; otherwise, you could be wealthy and neither feel nor enjoy it.



THE FIVE LESSONS OF WEALTH MASTERY

1

How to _____ more.

2

How to _____ what you have.

3

How to make your money _____.

4

How to _____ your wealth.

5

How to _____ yourself!



MONEY IS MERELY A VEHICLE TO MEET YOUR SIX HUMAN NEEDS

NEED 1: CERTAINTY/COMFORT

Ability to avoid pain and gain pleasure

- Ability to produce, eliminate, or avoid stress; or create, increase, or intensify pleasure
- Security/survival



PARADOX

NEED 2: UNCERTAINTY/VARIETY

Diversity is the spice of life!

- Surprise
- Difference
- Excitement!
- Challenge
- Diversity



NEED 3: SIGNIFICANCE

- Sense of Being Needed
- Feeling of Importance
- Sense of Meaning
- Sense of Purpose
- Uniqueness



PARADOX

NEED 4: CONNECTION/LOVE

- Bonding
- Sharing
- Feeling a Part Of
- Oneness
- Intimacy
- At One With



YOU CAN MEET THESE NEEDS BY DESTRUCTIVE, NEUTRAL, OR CONSTRUCTIVE MEANS.

POTENTIAL VEHICLES ARE:

CERTAINTY/COMFORT	UNCERTAINTY/VARIETY	SIGNIFICANCE	CONNECTION/LOVE
Control	Alcohol	"Teasing" Others Down	Sympathy through Sickness/Injury
Consistency	Drugs	Violence	Commit a Negative Act (Crime, Do Drugs, Smoking)
Food	"Sabotage"/Pick a Fight, etc.	Negative Identity: Disease/Disorder	Gangs
Learned Helplessness	New Relationship	Material Possessions	Attempting to Get Others to Comply with Your Requests (Evidence of Acceptance)
Negative Identity	New Job	Academic Degrees	Relationships (Family, Friends, Intimate)
Completion	New Location	Accomplishments	Spirituality
Identity	Stimulating Conversation	Style	Being in Natural Surroundings ("in nature")
Faith	Taking on New Challenges	Development of New Skills and Knowledge	Pets
Belief in Guidance	Learning!	Growing Levels of Caring or Extraordinary Compassion	Self-Sacrifice
	Rechunking Your Focus/Tempo of Focus	Scarcity <i>(Scarcity is often used as a criteria for creating a feeling of uniqueness or importance.)</i>	Sex
			Joining a Team/Club
			Beauty
			Art

You can meet any or all of these six needs by changing either your:

PERCEPTION (belief or appreciation of) or **PROCEDURE** (vehicles or approach to)

PRIMARY, ESSENTIAL, ULTIMATE NEEDS!

NEED 5: GROWTH

- If you help others to be fulfilled, you will be fulfilled.
- Consistently give to others that which you wish to receive.
- You have within yourself the resources to feel completely fulfilled in all six categories, in any situation, regardless of how others respond to you. Simply ask the question, "WHAT WOULD I NEED TO BELIEVE/APPRECIATE (PERCEIVE) OR DO (PROCEDURE/VEHICLES/APPROACH) IN ORDER TO FEEL MORE FULFILLED IN THIS CATEGORY NOW?"



NEED 6: CONTRIBUTION

IT'S ALL YOURS!





THE MEANING OF THE MONEY EXERCISE

DISCOVER & TRANSFORM

A) Ask your partner the following questions:

1. What is money?
2. What is not having money?
3. What is money, really?

B) Keep asking each question until your partner completely exhausts his/her answers in each area.

C) Push beyond the automatic answers so that you discover the deeper associations and emotional impacts of money in his/her life. (see examples on the following pages).



What is money?



2 What is not having money?

3 What is money, really?



WHAT IS MONEY TO AN ABUNDANT CONTRIBUTOR?

ITEM 1 EXAMPLE: WHAT IS MONEY?

Reflection of value added	Quality
Reflection of intelligence	Choice and quality of choice
Reflection of intensity of focus	Magnifier
Commitment	Chance to learn about aspect of own and others' character
Another area of Mastery	"Tee-Hee" of life
Ability to give	F——ing A!
Ability to give to others who don't even know who you are or that you've given	Gratitude
Ability to give opportunities to others	Nothing but pieces of paper
Access to resources (people, information, computers, etc.)	A gift I love to intelligently give to people
Ability to leverage time	A joke
Impact	Wonderful
Scope	Aspen
Environment to bring out the best in you/others	Lifestyle
Entertainment	Elegance
Freedom from drudgery	Style
Ability to get multiple results simultaneously	Choice
Change a person's life (education, learning, knowledge, tools, etc.)	Opportunity
Change people's perspective	Privilege
Gift from God for being a giver	Fun when used properly
Produces productivity	
Opportunity to give in multiple ways	



ITEM 2 EXAMPLE: WHAT IS NOT HAVING MONEY?

Stupid	Tears
Not making a difference	Pain
Wanting to give and being unable	Hurt
Frustration	Sadness
Not possible as long as you're productive	Opportunity
Not possible as long as you give more than you expect to receive	God demanding the most from me to grow
Not possible if you focus on contribution with intelligence	Extend
Pain	Master another portion of life
Separation	Opportunity to conquer and share
Loneliness	The first step
Anger between people	A laser: "This will not be!"
People trying to hurt other people	Ultimate challenge: Turn something invisible into visible; take "nothing" and make it something magnificent
Feelings of scarcity	Won't last
People focusing on less important things	Lowered impact
Forgetting importance of relationships	Less ability to give
Brings out the worst in people	Reduced access
Children without opportunities they should have	Arguments
Playing a smaller game	Fights
Less impact	Anger
Being controlled by other people's rules	Can result in loss of relationship
Loss of leverage	Can result in divorce
Slowing the game down	Loss of leisure
Lowering impact	A state that I will not allow
Less choice	Keeps me from impact—my destiny
Less quality	Inability to give
Temporary	Something I will not settle for, ever!
A challenge to use more resources	Learning lessons
A call to action	



ITEM 3 EXAMPLE:
WHAT IS MONEY, REALLY?

Powerful tool for magnifying impact
Access to tools, impact, growth
A tool that can open doors
Leverage
Opportunity for people, communities, world
Magnifies skills
Choice
A measure of a portion of life's mastery,
focus, discipline
Reflection on quality of your evaluations
Choice to live life at highest level
Magnifier
Amplifier
Energy
Turbo-charge
Nothing, only what we have decided





WHAT DOES MONEY MEAN TO YOU.?

The following transcript is a conversation between Tony Robbins and a female friend of his about the meaning of money. Is there anything in this exchange that strikes a chord for you?

TR: When you bring up the money issue, people's entire state drops through the floor.

F: I believe it. I was freaked out—I'll tell you (pause) when we had talked about the possibility of my coming to the Wealth Mastery program I was freaked out about revealing my financial, uh, position. I was, like, "Oooh! I know these people! I'm not going to tell them." You know? It's a weird issue.

TR: (*perplexed*) People are really weird about it.

F: (*excited*) You know why? You know why it is? **Money is a quantifiable evaluation of your success or failure.**

TR: Everything else is relative, except your weight, which also really gets to people. That's a great distinction; it's like there's "no place to hide." Many of us have an identity that we're trying to protect and maintain and project. Even those of us who don't perceive ourselves as doing so still do it at some level. It is important to all of us that we have a certain level of importance or acknowledgment (I don't know what the word is). A certain level of status, or...

Well, what is it for you? Tell me why you don't want somebody to know? What's the need you have? Does it mean you're less successful than you perceive yourself to be in reality?

F: (*not really convinced*) I guess.

TR: What would the word be that you would use?

F: Um...The way I express it to myself is that I'm in a temporary situation right now, one which has a lot to do with taxation and stuff. So, that's what's real frustrating.

TR: Everybody has that wound.

F: We've got a huge...The thing is that it's not really our earnings that are embarrassing to me; it's the debt. And, um...

TR: Because you know that's something you are in control of.

F: Absolutely! Absolutely. Well, it's something I *should* be in control of. That's the thing. Here, I'll just lay it on the table: Bottom line is that my husband's business did not pay estimated tax last year. I didn't know this. So now we have this *hu-u-u-uge* tax bill. I'm feeling *tremendous* pressure to produce and dig us out of that hole. And also to keep him on track and say, "Look, you *must* pay your estimated tax." Because for me that is a must.

TR: It is a must. I've seen this happen with some close friends of mine. It was very, very uncomfortable.

F: Yeah, it's a daily thing for us right now. I'm...(*choking up*) you know, this is ridiculous. And the thing that is part of that dichotomy—the push-pull of it—is that I don't identify money as that important. Even though I know that there are certain things that I must do about it. To me, it's one of those things that you should just, you know, take care of it as you go along—You just *do* it, you know? And the way I operate, and the way my business operates, is that if we don't have enough money, then we find a way to either make more money or we make an adjustment. We don't just keep going on and on and on. You know what I mean?



- F: *(Continued)* So my husband and I kind of have different approaches. He's more of an idealist. It's like, "Oh, we'll just keep throwing money out there, and it *will* come back." And it's also values-driven. As I said, **money doesn't really mean that much to me. But having a lack of money means that you're foolish.** For me, money really is just a medium of exchange. It has to do with what it can purchase. I don't really attach any emotion to money itself.
- TR: You attach emotion to a lack of it, though.
- F: *(emphatic)* Yeah, damn *straight*.
- TR: *(giggles)* That's so amazing: it is so real. Maybe it's not amazing to you, but it's amazing to me because, I am willing to bet, it is a cultural pattern. We don't associate a real value to money—well, some people do, obviously—but a lot of people associate a real value to *not* having it. So, what is money for you? Say it one more time. Actually you should say that several times.
- F: It is a way to purchase things.
- TR: A way to purchase things.
- F: Whether that's products, services...Maybe I am lying to you, really. If you remember what I said earlier, it was that money is a quantifiable evaluation of your level of success or failure.
- TR: I think when it becomes of value for you is when there is a lack of it.
- F: *(pause)* Mm-hmmm...Yeah, I think that's probably true.
- TR: So let's talk about the emotions of it. How would you describe your emotions around money these days? Concerned, frustrated, fearful, angry?
- F: *(strong)* Committed.
- TR: Committed, but the commitment has come from what emotion were you in?
- F: Frustration, anger...Well, uninformed...you know what I'm doing? *(tense)* I'm avoiding saying "stupid."
- TR: All because of your association with what that word would mean...
- F: Well, yeah.
- TR: OK. Let's stay with this. What is money to you?
- F: I just don't have a lot to say...
- TR: What is money? What is money? The first thing that pops into your mind. First think positive.
- F: **Green stuff.**
- TR: What is money?
- F: I don't...
- TR: What is money? *(snaps fingers)* (What a block! This is interesting.) What is money?
- F: **Education.**
- TR: What is money? *(snap)*
- F: *(searching desperately for a meaning)* I don't know. I'm only thinking of things you can buy with it.
- TR: Emotionally, what is money?
- F: *(long pause, then softly)* I keep going to not having it.
- TR: Okay, so what is not having it?
- F: *(choked with emotion)* **Pain. Division.**



TR: Pain. Division. What else? What is not having money?

F: **Lack. Irresponsible.**

TR: What is not having money?

F: **Disorganized.**

TR: What is not having money?

F: **Unprepared.**

TR: What is not having money?

F: *(soft, tearful)* **Dirty.**

TR: "Dirty." What is not having money?

F: I think I have run out. *(feigned laughter)*

TR: No, you haven't. What is not having money?

F: *(breath catches in throat)* **No children.**

TR: No children? Oh, sh——. What is not having money?

F: **Renting for the rest of my life.**

TR: What is not having money?

F: *(barely audible)* **Probably dying young from a heart attack because I'm working so damn hard to get out of it.**

TR: *(brightly)* What is money?

F: *(laughs, huge sigh of relief, complete state change)*

TR: "A medium of exchange?" *(laughter)*

This is wild, this is unbelievable. Holy s——! What is money?

F: **Growth.**

TR: What is money?

F: I'm thinking of opposites, now: **Cleanliness.**

TR: What is money?

F: **Beauty.**

TR: What is money?

F: **Perfume;** I'm thinking of smells.

TR: Great. What is money?

F: *(wistful)* **Flowers.**

TR: What is money?

F: *(tears welling up again)* **Home...**

TR: What is money?

F: **...filled with kids.**

TR: What is money?

F: **Their education; their success.**

TR: What is money?

F: **Contribution.**



- TR: What is money?
 F: *(long pause)* Love.
 TR: What is money?
 F: *(very soft)* **Giving.**
 TR: What is money?
 F: *(barely audible)* **Intelligence.**
 TR: What is money?
 F: **A big painting studio for my husband.**
 TR: What is money?
 F: *(relieved)* **Carefree.**
 TR: What is money?
 F: **Music.**
 TR: What is money?
 F: **Art.**
 TR: What is money?
 F: **A legacy.**
 TR: What is money?
 F: **Retirement. Travel, certainly.**
 TR: What is money?
 F: **Preparedness.**
 TR: What is money?
 F: **Ability.**
 TR: What is money?
 F: **Acquisition. Of knowledge and material things.**
 TR: What is money?
 F: **Access.**
 TR: Stay with me, here. A little circuit is being created. What is money?
 F: **Leisure.**
 TR: What is money?
 F: **More sex.**
 TR: What is money?
 F: **Solidity.**
 TR: OK, now you tell me, if you would, tell me what you experienced by doing this?
 F: Because of the amount of pain associated with the lack, I had to find positive things to associate to getting money. *(playful)* And that money is more than "a..." You know—
 TR: *(laughs)* —"medium of exchange." What else do you feel by doing this?
 F: I feel lighter.
 TR: Why do you think you feel lighter?
 F: I don't know if it's the catharsis or if it's from creating a new circuit, a path for me to move toward instead of away from. What I've tried to do in the past is make finances just this little tiny piece in the whole of my life—

TR: When in fact it is a significant piece.

F: —But what it's been doing is pervading the rest of it. It's a little bit of learned helplessness, I think. But because of my other beliefs about money, I push it and try to make it unimportant. I have to work on it, but I don't want it to consume me because of what I believe about what that is: the heartless pursuit of money.

TR: OK, here we go...So the reason you can't think about money having an impact on these other areas is that if you think money is that important, you will put too much energy into it and it will change your identity and it will become the identity of what you associate with a person who is heartless.

F: No, no, it is not my energy that I am stingy with. I don't want to put my heart into a place of pursuing money. Where I want my heart to be is in a place of abundance already.

TR: So, tell me what the difference is between putting your energy and putting your heart? I'm not clear.

F: My energy, to me, is focus, dedication, staying on track. All of those sorts of things. My heart, though is how I connect with people, how I project; I want to be unselfish with my love. I don't want to be meeting people in order to get their money. I don't ever want to be in that space. Because that is all I would be consumed with is money.

TR: Interesting, but if I showed this whole list, what you said money was, like "children, grandchildren, survival, staying alive, and all these other kinds of things"...

First of all, your perception, which I totally agree with, is that you don't want to be in a relationship that is based upon money. Relationships should be based on the heart. But your fear is that if your heart was into making money as well—you have it black and white: it's an either/or. I don't see how you can put your energy into something totally that your heart is not into and really be totally effective. I don't believe that's possible.

F: I feel like I need to explore it more. What this has done is it's made me real clear about my lack of clarity. And it's made me real clear about how I need to explore my own positive associations to money and really cement those in so that as I'm working *toward* this I really am working toward something, not away from. I wasn't moving toward anything.

TR: Because moving toward it would have meant...?

F: It was meaning-less. That's the problem.

TR: So, money is meaningless.

F: Was, yeah.

TR: That is why it was a "medium of exchange." So that was the extreme belief structure: *Money is meaningless.*

Let's look at your list: Growth, cleanliness, beauty, perfume, flowers, home, filled with kids, their education, their success, contribution, love, giving, security, intelligence, smiles, a big painting studio for your husband, carefree, leisure, art, grandchildren, legacy, retirement, travel, preparedness, ability, acquisition of knowledge and things, movement, light, choice, meeting people, access, color, health, more sex, unity, solidity.

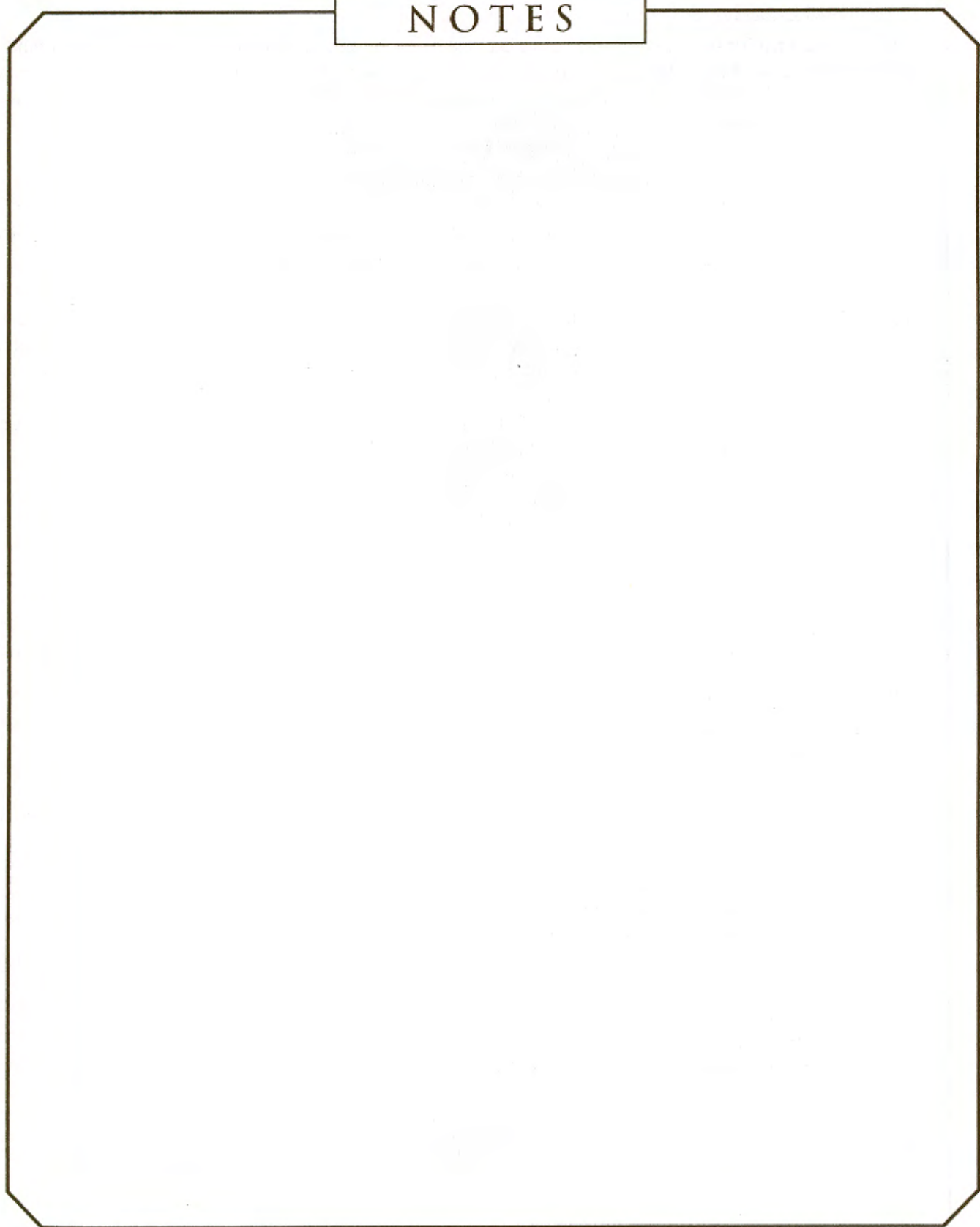
Is money really *meaningless*? If it were *meaningful*—now we get to the reality, here—If money is really *meaningful*—

F: (*slowly, convinced*) —Then *all* of those things come into my life...

"Money is coined liberty."

———— DOSTOYEVSKY ————

NOTES





WEALTH



MASTERY

WHY AREN'T MORE PEOPLE WEALTHY?



WHY AREN'T MORE PEOPLE WEALTHY ?

1 *They never clearly _____ wealth.*

2 *They make it a _____.*

3 *They _____ it in ways that make it feel impossible to _____.*

4 *Consequently, they don't _____ they can ever really _____ it.*

5 *They never make it an absolute _____.*

6 *They don't have a realistic _____.*



WHY AREN'T MORE PEOPLE WEALTHY ?

7

*They fail to _____
their plan.*

8

*They listen to experts and give experts the
responsibility to make it work, rather than
_____.*

9

*They _____ when they face major
financial challenges.*

10

*They fail to conduct their lives like a business
where they must have a _____ at the end
of each year.*

11

*They allow other people's _____ or
_____ to affect the intelligent
implementation of their plan.*

12

They never get good _____.



HOT DOG PARABLE

There once was a man who lived by the side of the road and sold hot dogs. In fact, he sold very good hot dogs.

He put up highway signs telling people how good his hot dogs tasted. He stood by the side of the road and called out, "Buy a hot dog, mister?"

And people bought his hot dogs. They bought so many hot dogs that the man had to increase his meat and bun orders.

He bought a bigger stove, so he could meet his customers demands. And finally, he brought his son home from college to help him out with the business.

But something happened. His son said, "Father don't you watch TV or read the newspapers? Don't you know we're heading for a recession? The European situation is unstable and the domestic economy is getting worse."

And the father thought, "My son's a smart boy. He's been to college. He ought to know what he's talking about."

So the man cut down his meat and bun orders, took down his highway signs, and no longer stood by the side of the road to sell his hot dogs.

His sales fell almost overnight. "You're right, son," said the father. "We certainly are in a serious recession."



WEALTH



MASTERY

WHAT PREVENTS PEOPLE FROM TAKING ADVANTAGE OF OPPORTUNITIES?



WHAT BEGINS AS THE SEVEN BARRIERS CAN BECOME THE SEVEN PILLARS OF POWER?

1. BELIEF

- 1. Belief that it is not important, urgent, or a must**
“I don’t have enough money to get started. I don’t have the time.”
- 2. Resources**
“It’s not that important. It’s not urgent. It’s not a must. Other things are more important.”
- 3. The Past**
“I invested in the stock market and lost my butt! I swore I’d never do that again! My father lost everything!”
- 4. Identity**
“I’m not good with numbers. I lose money at anything I do.”
- 5. Fear of loss**
“I can’t afford the risk of investing.”

2. LANGUAGE

- 1. Language is power!**
Ignorance is not bliss—it’s poverty, pain, etc.
- 2. Language shapes your emotions, actions, and results.**
“Let’s play a spread with Puts and Calls at the money and Puts and Calls out of the money. Also, do a Covered Call with a net debit. Did you say the bid is 3-11/16? Or was that the ask? Oh, its 3-11/16 x 4-1/8?”

3. CONCEPTS & ORGANIZING PRINCIPLES

- 1. What does the system do?**
What’s the focus of Buy & Hold vs. Momentum Investing?
- 2. Who are the players?**
What system would be a better approach to investing: Bottom-Up or Top-Down?



3. CONCEPTS & ORGANIZING PRINCIPLES (CONT)

3. What are its strengths and weaknesses?

What is channeling? A Covered Call? Options? A Put? A Call?

4. What are the results they're producing?

What does it mean to "go naked?"
What do I do if the market becomes bearish?

5. What are the organizing principals?

4. SPECIFIC STRATEGIES FOR SUCCESS

(Become a student of strategies)

Strategies for selection, monitoring/managing, leverage, exit/selling, defense, and repair. Strategies for maximum profits.

5. LIMIT YOUR LOSSES

Defense and exit strategies

Sell stops

6. MECHANICS

How do I place an order? How is it processed? What happens on the floor? How do I schedule my time?

7. UNDERSTAND THE TOOLS

How to use TeleChart 2000®; how to conduct on-line company research; how to chart your stocks by the minute.

**TURN THESE SEVEN BARRIERS INTO
THE SEVEN PILLARS OF POWER!**



NOTES



WEALTH



MASTERY

HOW ANYONE CAN
BECOME WEALTHY:

THE
FOUR KEY
ELEMENTS



THERE ARE THREE WAYS TO ACCUMULATE WEALTH

1

WEALTH.

2

WEALTH.

3

WEALTH.



THE KEY TO FINANCIAL ABUNDANCE IS SIMPLE...

*You cannot achieve financial abundance
unless you learn and consistently apply
this simple formula:*

_____ less than you earn, and
_____ the difference.

Then ____ - _____ your returns for
compounded _____ until you
reach a _____ of
investment capital that creates the
_____ you
desire for life.

**This formula will ensure that there will come a day
when you *never have to work another day of your life*—
and that if you *do* work, it's only because you *want* to!**



THE U.S. NEEDS TO RELEARN THE FUNDAMENTAL LESSON OF ECONOMIC STRENGTH

Saving - America

Actually, the title of this article should be 'Not Saving Enough—America.' Thanks to the popularity of the 401k, 403b, and other retirement savings plans, as well as nearly 10 years of great stock market advancements, American's are saving money for retirement much more than in the past. The overall savings rate of American's doesn't show such a rosy picture.

American's owe over 1,000,000,000,000 (no that isn't a typo, it is over 1 trillion dollars) on consumer credit. This doesn't include borrowings for homes and cars that would dwarf that number. That means that every man, woman, and child in the United States owes about \$3,000.

Spending isn't bad. If American's hadn't spent that much money, corporate America would have had that much less in sales so our spending has caused, to a certain extent, part of the prosperity in this country.

The other side of the coin is Japan, where the savings rate is estimated at about 14% of their disposable income. They certainly have had their boom times as well; however, the past 10 years haven't been so robust. The rough decade, along with today's threat of corporate and bank failures increasing, indicates a difficult road ahead for Japan.

Many economists would argue, and justifiably so, that a nation's prosperity or lack of it cannot be attributed to one factor, especially one such as the savings rate of its citizens. There is one thing that is undeniably true, and that is individually someone cannot become wealthy if (s)he continues to borrow money. What borrowing doesn't do is make someone wealthy—what it does do is mortgages the future for today's excesses.

There is a fine line between not saving enough and saving too much as a nation; however, the only way for people to become wealth is to 'Spend Less Than They Earn and Invest The Difference.'

— by Clifford Wilson, co-author of
Money Does Grow on Trees:
Magic Penny Publishing (2000)



YOUR NEED ONLY FOUR THINGS TO ACHIEVE FINANCIAL WEALTH

- 1** YOU NEED _____ . (YOU ALREADY HAVE THIS.)
- 2** YOU NEED _____ GROWTH. (YOU HAVE THIS THE DAY YOU MAKE A DECISION TO UTILIZE IT.)
- 3** YOU NEED TO MAKE _____ CHOICES. (YOU ACCOMPLISH THIS BY LEARNING TO VALUE THINGS MORE EFFECTIVELY.)
- 4** YOU NEED SOME _____ .



NOTES



WEALTH

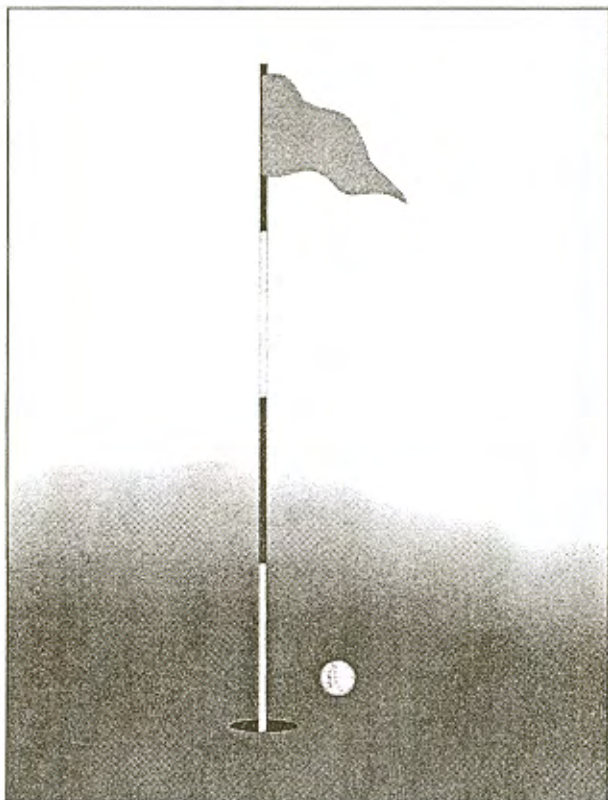


MASTERY

THE POWER OF COMPOUNDING



NOTES



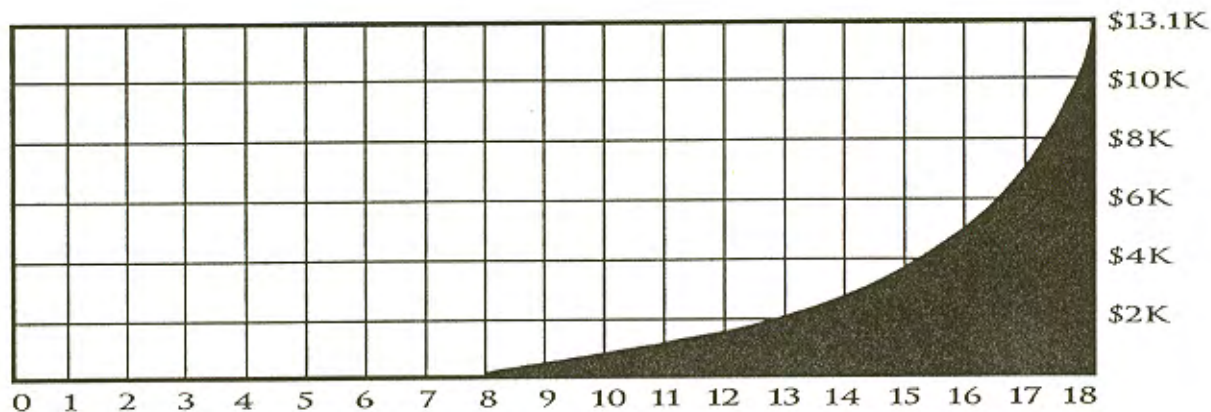
BET ON A GAME OF... GOLF?



BET ON A GAME OF GOLF?

Here's how it works:

At the first hole, it's	\$	0.10
Second hole	—	0.20
Third hole	—	0.40
Fourth hole	—	0.80
Fifth hole	—	1.60
Sixth hole	—	3.20
Seventh hole	—	6.40
Eighth hole	—	12.80
Ninth hole	—	25.60
Tenth hole	—	51.20
Eleventh hole	—	102.40
Twelfth hole	—	204.80
Thirteenth hole	—	409.60
Fourteenth hole	—	819.20
Fifteenth hole	—	1,638.40
Sixteenth hole	—	3,276.80
Seventeenth hole	—	6,553.60
Eighteenth hole	—	\$13,107.20!



A GRAIN OF RICE

The daughter of the Chinese Emperor was ill, and he promised riches beyond compare to whomever could cure her. A young peasant named Pong Lo entered the palace. With his wit and bravery he restored the Princess' health, and won her heart. As his reward, Pong Lo asked for her hand in marriage. The Emperor refused and asked the peasant to think of anything else he would like.

After several moments of thought, Pong Lo said, "I would like a grain of rice."

"A grain of rice! That's nonsense! Ask me for fine silks, the grandest room in the palace, a stable full of wild stallions—they shall be yours!"

"A grain of rice will do," said Pong Lo. "But if His Majesty insists, he may double the amount every day for a hundred days."

So on the first day a grain of rice was delivered to Pong Lo. On the second, two grains of rice were delivered. On the third day, Pong Lo received four grains; and on the fourth day, eight grains.

On the fifth day: 16 grains.

On the sixth day: 32 grains.

On the seventh day: 64 grains.

On the eighth day: 128 grains.

By the twelfth day, the grains of rice numbered 2,048. By the twentieth day, 524,288 grains were delivered. And by the thirtieth day, 536,870,912 grains—requiring 40 servants to carry them—were brought to Pong Lo.

In desperation, the Emperor did the only honorable thing he could do, and consented to the marriage. Out of consideration for the Emperor's feelings, no rice was served at the wedding banquet.

[Retold from *A Grain of Rice* by Helena Pittman (New York: Hastings House, 1986)]



I'll Take Manhattan

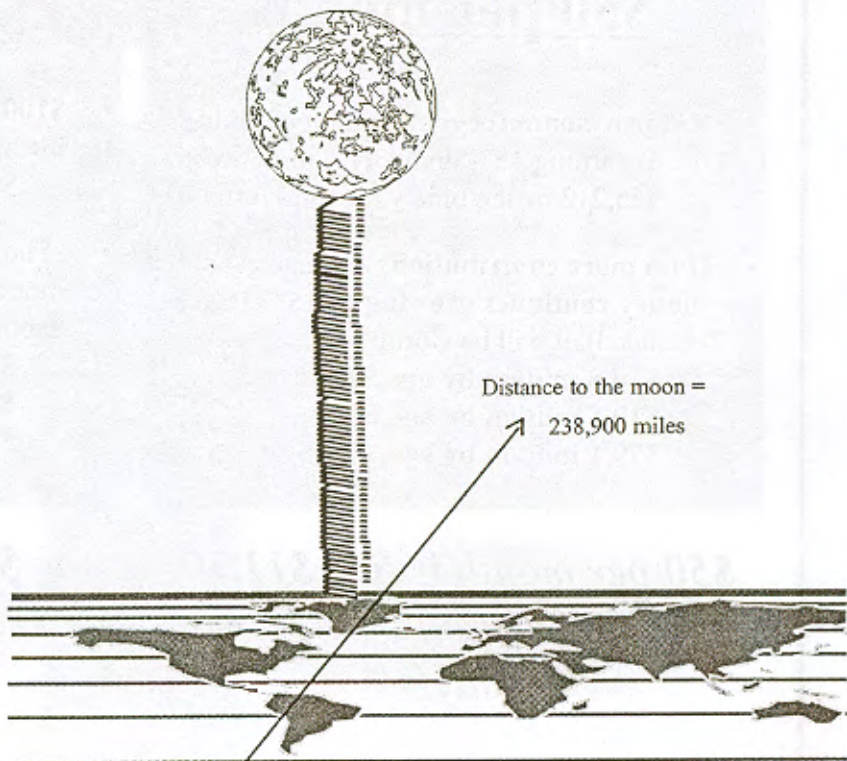
In 1626 Manhattan Island was bought from the Manhattan Indians by Peter Minuit, Dutch Governor of the West India Company. Asking price: \$24 worth of beads, cloth, and trinkets. If that money had been invested back then in a Treasury bill equivalent, its value would be enough today to buy back the island of Manhattan!



NAPKINS TO THE MOON

THE PRINCIPLE OF COMPOUNDING

Folds	Inches	Feet	Miles
1	0.0625		
2	0.125		
3	0.25		
4	0.50		
5	1.00		
6	2.00		
7	4.00		
8	8.00		
9		1.3	
10		2.7	
11		5.3	
12		11	
13		21	
14		43	
15		85	
16		171	
17		341	
18		683	
19		1,365	
20		2,731	
21			1
22			2
23			4
24			8
25			17
26			33
27			66
28			132
29			265
30			530
31			1,059
32			2,118
33			4,237
34			8,473
35			16,947
36			33,893
37			67,787
38			135,573
38.5			
39			271,147
40			542,294
41			1,084,588
42			2,169,175
43			4,338,351
44			8,676,702
45			17,353,403
46			34,706,806
47			69,413,613
48			138,827,226
49			277,654,451
50			555,308,903



Q IF YOU FOLD A CLOTH NAPKIN (1/32 INCH THICK) 50 TIMES, HOW MANY TIMES WILL IT GO TO THE MOON AND BACK ON IT'S 50TH FOLD?

A 1,162 TIMES

HOW YOU CAN PAY FOR YOUR CHILD'S EDUCATION & MORE

\$50 per month

- **\$50 per month** (beginning at your child's birth) earning 15% annually will be worth: \$55,212 by the time your child turns 19.
- If **no more contributions** are made and the **money continues growing at 15%** (taxes excluded), it will be worth:
 - \$ 4.8 million by age 50,
 - \$19.6 million by age 60,
 - \$79.1 million by age 70.

\$50 per month is just \$11.70 per week and only \$1.70 per day!

\$100 per month

- **\$100 per month** (beginning at your child's birth) earning 15% annually will be worth: \$110,426 by the time your child turns 19.
- If **no more contributions** are made and the **money continues growing at 15%** (taxes excluded), it will be worth:
 - \$9.6 million by age 50,
 - \$39.2 million by age 60,
 - \$158.2 million by age 70.

\$100 per month is just \$23.30 per week and only \$3.33 per day!



How much money goes through your hands unnoticed every week?





A LOOK TO THE FUTURE... SOMETHING TO THINK ABOUT



A woman who reached age 50 can expect to live into her upper 80's.

In today's America, 7 out of 10 people enjoy life beyond their 65th birthday.

LIFE EXPECTANCY

In 1900, the average life expectancy was 47.3 years.

In 2001, average life expectancy was 76.7 years.

Thus, the number of years people are expected to live has increased by 62% in just one century!

CENTENARIANS

There are currently 68,000 people in America who are 100 or older; and, in fact, that's the fastest growing demographic group in the nation.

The number has risen by 20,000 in the past five years—9,000 in the year 2000 alone.

[Source: US Census Bureau]



NOTES

A woman who reached age 80 is expected to live into her upper 80's.

In today's America, 7 out of 10 people enjoy life beyond their 65th birthday.

LIFE EXPECTANCY

In 1900, the average life expectancy was 47 years. In 2001, average life expectancy was 76 years. Thus, the number of years people are expected to live has increased by 63% in just one century!

CENTENARIANS

There are currently 650 people in America who are 100 or older, and so fact that the fastest growing segment of the nation's population is those aged 65 and over. The number has risen by 200% in the past five years—8,000 in the year 2000 alone.



HOW YOUR MONEY GROWS ANNUALLY

REMEMBER: NO INVESTMENT IS WITHOUT RISK!
WE DO NOT GUARANTEE ANY SPECIFIC RESULTS OR RETURNS.

15% ANNUAL RETURN

	1 YEAR	5 YRS	10 YRS	20 YRS	30 YRS	40 YRS	50 YRS
\$50 per month	\$651	\$4,484	\$13,933	\$75,798	\$350,491	\$1,571,188	\$6,985,901
\$75 per month	\$977	\$6,726	\$20,899	\$113,697	\$525,737	\$2,356,782	\$10,478,852
\$100 per month	\$1,302	\$8,968	\$27,866	\$151,596	\$700,982	\$3,142,376	\$13,971,803
\$150 per month	\$1,953	\$13,452	\$41,799	\$227,393	\$1,051,473	\$4,713,563	\$20,957,704
\$200 per month	\$2,604	\$17,936	\$55,731	\$303,191	\$1,401,964	\$6,284,751	\$27,943,606
\$250 per month	\$3,255	\$22,420	\$69,664	\$378,989	\$1,752,455	\$7,855,939	\$34,929,507
\$300 per month	\$3,906	\$26,904	\$83,597	\$454,787	\$2,102,946	\$9,427,127	\$41,915,408
\$350 per month	\$4,557	\$31,389	\$97,530	\$530,584	\$2,453,437	\$10,998,314	\$48,901,310
\$400 per month	\$5,208	\$35,873	\$111,463	\$606,382	\$2,803,928	\$12,569,502	\$55,887,211
\$450 per month	\$5,860	\$40,357	\$125,396	\$682,180	\$3,154,419	\$14,140,690	\$62,873,112
\$500 per month	\$6,511	\$44,841	\$139,329	\$757,978	\$3,504,910	\$15,711,878	\$69,859,014
\$750 per month	\$9,766	\$67,261	\$208,993	\$1,136,966	\$5,257,365	\$23,567,817	\$104,788,521
\$1,000 per month	\$13,021	\$89,682	\$278,657	\$1,515,955	\$7,009,821	\$31,423,755	\$139,718,028

20% ANNUAL RETURN

	1 YEAR	5 YRS	10 YRS	20 YRS	30 YRS	40 YRS	50 YRS
\$50 per month	\$669	\$5,173	\$19,118	\$158,074	\$1,168,040	\$8,508,731	\$61,862,747
\$75 per month	\$1,004	\$7,759	\$28,677	\$237,112	\$1,752,060	\$12,763,097	\$92,794,121
\$100 per month	\$1,228	\$10,345	\$38,236	\$316,148	\$2,336,080	\$17,017,463	\$123,725,495
\$150 per month	\$2,007	\$15,518	\$57,355	\$474,222	\$3,504,120	\$25,526,194	\$185,588,242
\$200 per month	\$2,677	\$20,691	\$76,473	\$632,296	\$4,672,160	\$34,034,926	\$247,450,990
\$250 per month	\$3,346	\$25,864	\$95,591	\$790,370	\$5,840,200	\$42,543,657	\$309,313,737
\$300 per month	\$4,015	\$31,036	\$114,709	\$948,444	\$7,008,241	\$51,052,388	\$371,176,485
\$350 per month	\$4,684	\$36,209	\$133,827	\$1,106,518	\$8,176,281	\$59,561,120	\$433,039,232
\$400 per month	\$5,353	\$41,382	\$152,945	\$1,264,592	\$9,344,321	\$68,069,851	\$494,901,980
\$450 per month	\$6,022	\$46,554	\$172,064	\$1,422,666	\$10,512,361	\$76,578,582	\$556,764,727
\$500 per month	\$6,691	\$51,727	\$191,182	\$1,580,740	\$11,680,401	\$85,087,314	\$618,627,475
\$750 per month	\$10,037	\$77,591	\$286,773	\$2,371,110	\$17,520,601	\$127,630,971	\$927,941,212
\$1,000 per month	\$13,383	\$103,454	\$382,364	\$3,161,479	\$23,360,802	\$170,174,628	\$1,237,254,950

25% ANNUAL RETURN

	1 YEAR	5 YRS	10 YRS	20 YRS	30 YRS	40 YRS	50 YRS
\$50 per month	\$698	\$5,992	\$26,640	\$342,955	\$4,098,736	\$48,693,244	\$578,189,014
\$75 per month	\$1,032	\$8,988	\$39,960	\$514,432	\$6,148,104	\$73,039,866	\$867,283,522
\$100 per month	\$1,376	\$11,984	\$53,280	\$685,909	\$8,197,472	\$97,386,488	\$1,156,378,029
\$150 per month	\$2,063	\$17,977	\$79,921	\$1,028,864	\$12,296,207	\$146,079,731	\$1,734,567,043
\$200 per month	\$2,751	\$23,969	\$106,561	\$1,371,819	\$16,394,943	\$194,772,975	\$2,312,756,058
\$250 per month	\$3,439	\$29,961	\$133,201	\$1,714,774	\$20,493,679	\$243,466,219	\$2,890,945,072
\$300 per month	\$4,127	\$35,953	\$159,841	\$2,057,728	\$24,592,415	\$292,159,463	\$3,469,134,087
\$350 per month	\$4,815	\$41,946	\$186,482	\$2,400,683	\$28,691,150	\$340,852,707	\$4,047,323,101
\$400 per month	\$5,502	\$47,938	\$213,122	\$2,743,638	\$32,789,886	\$389,545,995	\$4,625,512,116
\$450 per month	\$6,190	\$53,930	\$239,762	\$3,086,592	\$36,888,622	\$438,239,194	\$5,203,701,130
\$500 per month	\$6,878	\$59,922	\$266,402	\$3,429,547	\$40,987,358	\$486,932,438	\$5,781,890,145
\$750 per month	\$10,317	\$89,883	\$399,603	\$5,144,321	\$61,481,036	\$730,398,657	\$8,672,835,217
\$1,000 per month	\$13,756	\$119,844	\$532,805	\$6,859,094	\$81,974,715	\$973,864,876	\$11,563,780,289



HOW YOUR MONEY GROWS ANNUALLY

15% ANNUAL RETURN

	1 YEAR	5 YRS	10 YRS	20 YRS	30 YRS	40 YRS	50 YRS
\$1,500 per month	\$19,532	\$134,522	\$417,986	\$2,273,932	\$10,514,731	\$47,105,533	\$209,577,042
\$2,000 per month	\$26,042	\$179,363	\$557,315	\$3,031,909	\$14,019,641	\$62,807,511	\$279,436,055
\$2,500 per month	\$32,553	\$224,204	\$696,643	\$3,789,886	\$17,524,552	\$78,509,389	\$349,295,069
\$5,000 per month	\$65,106	\$448,408	\$1,393,286	\$7,579,772	\$35,049,103	\$157,018,777	\$698,590,139
\$10,000 per month	\$130,211	\$896,816	\$2,786,573	\$15,159,544	\$70,098,206	\$314,037,555	\$1,397,180,277
\$20,000 per month	\$260,422	\$1,793,632	\$5,573,146	\$30,319,099	\$140,196,412	\$628,075,105	\$2,794,360,554

20% ANNUAL RETURN

	1 YEAR	5 YRS	10 YRS	20 YRS	30 YRS	40 YRS	50 YRS
\$1,500 per month	\$20,074	\$155,181	\$573,545	\$4,742,219	\$35,041,203	\$255,261,941	\$1,855,882,425
\$2,000 per month	\$26,766	\$206,908	\$764,727	\$6,322,959	\$46,721,604	\$340,349,255	\$2,474,509,900
\$2,500 per month	\$33,457	\$258,635	\$955,909	\$7,903,698	\$58,402,004	\$425,436,569	\$3,093,137,374
\$5,000 per month	\$66,914	\$517,271	\$1,911,818	\$15,807,397	\$116,804,009	\$850,873,138	\$6,186,274,749
\$10,000 per month	\$133,829	\$1,034,542	\$3,823,636	\$31,614,794	\$233,608,018	\$1,701,746,275	\$12,372,549,498
\$20,000 per month	\$267,657	\$2,069,084	\$7,647,271	\$63,229,587	\$467,216,035	\$3,403,492,551	\$24,745,098,995

25% ANNUAL RETURN

	1 YEAR	5 YRS	10 YRS	20 YRS	30 YRS	40 YRS	50 YRS
\$1,500 per month	\$20,634	\$179,767	\$799,207	\$10,288,643	\$122,962,072	\$1,460,797,314	\$17,345,670,434
\$2,000 per month	\$27,512	\$239,689	\$1,065,609	\$13,718,190	\$163,949,430	\$1,947,729,751	\$23,127,560,579
\$2,500 per month	\$34,390	\$299,611	\$1,332,012	\$17,147,738	\$204,936,787	\$2,434,662,189	\$28,909,450,723
\$5,000 per month	\$68,779	\$599,222	\$2,664,023	\$34,295,478	\$409,873,575	\$4,869,324,379	\$57,818,901,446
\$10,000 per month	\$137,558	\$1,198,444	\$5,328,047	\$68,590,952	\$819,747,149	\$9,738,648,757	\$115,637,802,893
\$20,000 per month	\$275,117	\$2,396,888	\$10,656,093	\$137,181,905	\$1,639,494,299	\$19,477,297,514	\$231,275,605,785

REMEMBER: NO INVESTMENT IS WITHOUT RISK!
WE DO NOT GUARANTEE ANY SPECIFIC RESULTS OR RETURNS.



HOW \$1000 GROWS EVEN IF YOU DON'T ADD ANOTHER PENNY

Years	8%	10%	12%	15%	20%
1	1,080	1,100	1,120	1,150	1,200
2	1,166	1,210	1,254	1,323	1,440
3	1,260	1,331	1,405	1,521	1,728
4	1,360	1,464	1,574	1,749	2,074
5	1,469	1,611	1,762	2,011	2,488
6	1,587	1,772	1,974	2,313	2,986
7	1,714	1,949	2,211	2,660	3,583
8	1,851	2,144	2,476	3,059	4,300
9	1,999	2,358	2,773	3,518	5,160
10	2,159	2,594	3,106	4,046	6,192
11	2,332	2,853	3,479	4,652	7,430
12	2,518	3,138	3,896	5,350	8,916
13	2,720	3,452	4,363	6,153	10,699
14	2,937	3,797	4,887	7,076	12,839
15	3,172	4,177	5,474	8,137	15,407
20	4,661	6,727	9,646	16,367	38,338
25	6,848	10,835	17,000	32,919	95,396
30	10,063	17,449	29,960	66,212	237,376
35	14,785	28,102	52,800	133,176	590,668
40	21,725	45,259	93,051	267,864	1,469,772
50	46,902	117,391	289,002	1,083,657	9,100,438
100	2,199,761	13,780,612	83,522,266	1,174,313,451	82,817,974,522
200	4,838,949,585	189,905,276,460	6,975,968,872,094	1,379,012,080,495,619	6,858,816,903,929,051,220



COMPOUNDED GROWTH TABLE

\$1200 INVESTED ANNUALLY · TAXABLE 30% TAX RATE

%	5th Year	10th Year	15th Year	20th Year	25th Year	30th Year	35th Year
1%	6,127	12,471	19,042	25,845	32,889	40,184	47,737
2%	6,257	12,964	20,154	27,862	36,124	44,981	54,476
3%	6,389	13,477	21,342	30,067	39,749	50,490	62,408
4%	6,523	14,012	22,610	32,481	43,814	56,824	71,761
5%	6,660	14,570	23,965	35,123	48,376	64,115	82,809
6%	6,800	15,152	25,413	38,017	53,499	72,518	95,881
7%	6,942	15,759	26,960	41,186	59,257	82,211	111,368
8%	7,086	16,392	28,612	44,659	65,731	93,403	129,740
9%	7,234	17,052	30,378	48,465	73,015	106,334	151,558
10%	7,384	17,740	32,266	52,638	81,212	121,288	177,496
11%	7,537	18,458	34,283	57,214	90,441	138,589	208,357
12%	7,692	19,206	36,439	62,231	100,837	158,619	245,103
13%	7,851	19,986	38,743	67,735	112,549	181,817	288,884
14%	8,012	20,799	41,205	73,773	125,748	208,696	341,074
15%	8,176	21,646	43,838	80,396	140,625	239,849	403,315
16%	8,343	22,530	46,651	87,664	157,398	275,966	477,566
17%	8,514	23,451	49,658	95,638	176,309	317,846	566,170
18%	8,687	24,411	52,871	104,387	197,634	366,415	671,918
19%	8,863	25,411	56,306	113,988	221,681	422,747	798,140
20%	9,043	26,453	59,976	124,522	248,799	488,084	948,807
21%	9,225	27,540	63,899	136,081	279,381	563,868	1,128,649
22%	9,411	28,672	68,090	148,763	313,866	651,763	1,343,297
23%	9,600	29,851	72,568	162,676	352,751	753,696	1,599,455
24%	9,793	31,080	77,353	177,940	396,593	871,895	1,905,095
25%	9,988	32,359	82,464	194,682	446,018	1,008,934	2,269,695



COMPOUNDED GROWTH TABLE

\$1200 INVESTED ANNUALLY · TAX DEFERRED

%	5th Year	10th Year	15th Year	20th Year	25th Year	30th Year	35th Year
1%	6,182	12,680	19,509	26,687	34,231	42,159	50,492
2%	6,370	13,402	21,167	29,740	39,205	49,655	61,193
3%	6,562	14,169	22,988	33,212	45,064	58,803	74,731
4%	6,760	14,984	24,989	37,163	51,974	69,994	91,918
5%	6,962	15,848	27,189	41,663	60,136	83,713	113,804
6%	7,170	16,766	29,607	46,791	69,788	100,562	141,745
7%	7,384	17,740	32,266	52,638	81,212	121,288	177,496
8%	7,603	18,775	35,189	59,308	94,745	146,815	223,323
9%	7,828	19,872	38,404	66,917	110,789	178,290	282,150
10%	8,059	21,037	41,940	75,603	129,818	217,132	357,752
11%	8,295	22,274	45,828	85,518	152,399	265,096	454,997
12%	8,538	23,585	50,104	96,838	179,201	324,351	580,156
13%	8,787	24,977	54,806	109,764	211,020	397,578	741,299
14%	9,043	26,453	59,976	124,522	248,799	488,084	948,807
15%	9,304	28,019	65,661	141,372	293,654	599,948	1,216,015
16%	9,573	29,679	71,910	160,609	346,906	738,194	1,560,032
17%	9,848	31,440	78,779	182,566	410,115	909,005	2,002,793
18%	10,130	33,306	86,327	207,625	485,127	1,119,982	2,572,379
19%	10,420	35,284	94,620	236,217	574,117	1,380,465	3,304,697
20%	10,716	37,381	103,731	268,831	679,653	1,701,909	4,245,611
21%	11,020	39,602	113,736	306,021	804,760	2,098,359	5,453,622
22%	11,331	41,954	124,721	348,416	952,998	2,587,007	7,003,256
23%	11,650	44,447	136,780	396,727	1,128,558	3,188,884	8,989,334
24%	11,976	47,085	150,013	451,758	1,336,360	3,929,684	11,532,335
25%	12,311	49,879	164,530	514,417	1,582,187	4,840,761	14,785,142



20% ANNUALIZED COMPOUNDED GROWTH TABLE (BASED ON CAPITAL ACCUMULATION VEHICLES)

Monthly Deposits	5th Year	10th Year	15th Year	20th Year	30th Year	35th Year
\$200	9,871	34,431	95,545	247,617	1,567,597	3,910,539
\$300	19,741	68,862	191,091	495,233	3,135,194	7,821,078
\$400	29,611	103,293	286,636	742,850	4,702,791	11,731,617
\$500	39,482	137,724	382,181	990,467	6,270,388	15,642,156
\$1,000	49,352	172,155	477,726	1,238,083	7,837,985	19,552,695
	98,704	344,309	956,453	2,476,167	15,675,969	39,105,389

Yearly Deposits	5th Year	10th Year	15th Year	20th Year	30th Year	35th Year
\$1,000	8,930	31,150	86,442	224,026	1,418,258	3,538,009
\$2,000	17,860	62,301	172,884	448,051	2,836,516	7,076,019
\$3,000	26,790	93,451	259,326	672,077	4,254,774	10,614,028
\$4,000	35,720	124,602	345,769	896,102	5,673,032	14,152,037
\$5,000	44,650	155,752	432,211	1,120,128	7,091,239	17,690,047
\$10,000	89,299	311,504	854,421	2,240,256	14,182,579	35,380,094

Lump-Sum Deposits	5th Year	10th Year	15th Year	20th Year	30th Year	35th Year
\$10,000	24,883	61,917	154,070	383,376	2,373,763	5,906,682
\$20,000	49,766	123,835	308,140	766,752	4,747,526	11,813,365
\$30,000	74,650	185,752	462,211	1,150,127	7,121,289	17,720,047
\$40,000	99,533	247,669	616,281	1,533,504	9,495,053	23,626,729
\$50,000	124,416	309,587	770,351	1,916,880	11,868,816	29,533,411
\$100,000	248,832	619,174	1,540,702	3,833,760	23,737,631	59,066,822



\$300,000 LUMP-SUM INVESTMENT TAX-DEFERRED ENVIRONMENT

%	5th Year	10th Year	15th Year	20th Year	25th Year	30th Year	35th Year
7%	420,766	590,145	827,709	1,160,905	1,628,230	2,283,677	3,202,974
10%	483,153	778,123	1,253,174	2,018,250	3,250,412	5,234,821	8,430,731
12%	528,703	931,754	1,642,070	2,893,888	5,100,019	8,987,977	15,839,886
15%	603,407	1,213,667	2,441,118	4,909,960	9,875,682	19,863,532	39,952,657
18%	686,327	1,570,150	3,592,123	8,217,908	18,800,580	43,011,169	98,399,133
21%	778,123	2,018,250	5,234,821	13,577,777	35,217,256	91,344,492	236,924,087



NOTES

2300,000 LUM-SUM INVESTMENT
TAX INVESTMENT

DATE	DESCRIPTION	AMOUNT	BALANCE
1/1/99	INITIAL INVESTMENT	2300000	2300000
1/1/99	ADDITIONAL INVESTMENT	1000000	3300000
1/1/99	ADDITIONAL INVESTMENT	1000000	4300000
1/1/99	ADDITIONAL INVESTMENT	1000000	5300000
1/1/99	ADDITIONAL INVESTMENT	1000000	6300000
1/1/99	ADDITIONAL INVESTMENT	1000000	7300000
1/1/99	ADDITIONAL INVESTMENT	1000000	8300000
1/1/99	ADDITIONAL INVESTMENT	1000000	9300000
1/1/99	ADDITIONAL INVESTMENT	1000000	10300000
1/1/99	ADDITIONAL INVESTMENT	1000000	11300000
1/1/99	ADDITIONAL INVESTMENT	1000000	12300000
1/1/99	ADDITIONAL INVESTMENT	1000000	13300000
1/1/99	ADDITIONAL INVESTMENT	1000000	14300000
1/1/99	ADDITIONAL INVESTMENT	1000000	15300000
1/1/99	ADDITIONAL INVESTMENT	1000000	16300000
1/1/99	ADDITIONAL INVESTMENT	1000000	17300000
1/1/99	ADDITIONAL INVESTMENT	1000000	18300000
1/1/99	ADDITIONAL INVESTMENT	1000000	19300000
1/1/99	ADDITIONAL INVESTMENT	1000000	20300000
1/1/99	ADDITIONAL INVESTMENT	1000000	21300000
1/1/99	ADDITIONAL INVESTMENT	1000000	22300000
1/1/99	ADDITIONAL INVESTMENT	1000000	23300000
1/1/99	ADDITIONAL INVESTMENT	1000000	24300000
1/1/99	ADDITIONAL INVESTMENT	1000000	25300000
1/1/99	ADDITIONAL INVESTMENT	1000000	26300000
1/1/99	ADDITIONAL INVESTMENT	1000000	27300000
1/1/99	ADDITIONAL INVESTMENT	1000000	28300000
1/1/99	ADDITIONAL INVESTMENT	1000000	29300000
1/1/99	ADDITIONAL INVESTMENT	1000000	30300000
1/1/99	ADDITIONAL INVESTMENT	1000000	31300000
1/1/99	ADDITIONAL INVESTMENT	1000000	32300000
1/1/99	ADDITIONAL INVESTMENT	1000000	33300000
1/1/99	ADDITIONAL INVESTMENT	1000000	34300000
1/1/99	ADDITIONAL INVESTMENT	1000000	35300000
1/1/99	ADDITIONAL INVESTMENT	1000000	36300000
1/1/99	ADDITIONAL INVESTMENT	1000000	37300000
1/1/99	ADDITIONAL INVESTMENT	1000000	38300000
1/1/99	ADDITIONAL INVESTMENT	1000000	39300000
1/1/99	ADDITIONAL INVESTMENT	1000000	40300000
1/1/99	ADDITIONAL INVESTMENT	1000000	41300000
1/1/99	ADDITIONAL INVESTMENT	1000000	42300000
1/1/99	ADDITIONAL INVESTMENT	1000000	43300000
1/1/99	ADDITIONAL INVESTMENT	1000000	44300000
1/1/99	ADDITIONAL INVESTMENT	1000000	45300000
1/1/99	ADDITIONAL INVESTMENT	1000000	46300000
1/1/99	ADDITIONAL INVESTMENT	1000000	47300000
1/1/99	ADDITIONAL INVESTMENT	1000000	48300000
1/1/99	ADDITIONAL INVESTMENT	1000000	49300000
1/1/99	ADDITIONAL INVESTMENT	1000000	50300000
1/1/99	ADDITIONAL INVESTMENT	1000000	51300000
1/1/99	ADDITIONAL INVESTMENT	1000000	52300000
1/1/99	ADDITIONAL INVESTMENT	1000000	53300000
1/1/99	ADDITIONAL INVESTMENT	1000000	54300000
1/1/99	ADDITIONAL INVESTMENT	1000000	55300000
1/1/99	ADDITIONAL INVESTMENT	1000000	56300000
1/1/99	ADDITIONAL INVESTMENT	1000000	57300000
1/1/99	ADDITIONAL INVESTMENT	1000000	58300000
1/1/99	ADDITIONAL INVESTMENT	1000000	59300000
1/1/99	ADDITIONAL INVESTMENT	1000000	60300000
1/1/99	ADDITIONAL INVESTMENT	1000000	61300000
1/1/99	ADDITIONAL INVESTMENT	1000000	62300000
1/1/99	ADDITIONAL INVESTMENT	1000000	63300000
1/1/99	ADDITIONAL INVESTMENT	1000000	64300000
1/1/99	ADDITIONAL INVESTMENT	1000000	65300000
1/1/99	ADDITIONAL INVESTMENT	1000000	66300000
1/1/99	ADDITIONAL INVESTMENT	1000000	67300000
1/1/99	ADDITIONAL INVESTMENT	1000000	68300000
1/1/99	ADDITIONAL INVESTMENT	1000000	69300000
1/1/99	ADDITIONAL INVESTMENT	1000000	70300000
1/1/99	ADDITIONAL INVESTMENT	1000000	71300000
1/1/99	ADDITIONAL INVESTMENT	1000000	72300000
1/1/99	ADDITIONAL INVESTMENT	1000000	73300000
1/1/99	ADDITIONAL INVESTMENT	1000000	74300000
1/1/99	ADDITIONAL INVESTMENT	1000000	75300000
1/1/99	ADDITIONAL INVESTMENT	1000000	76300000
1/1/99	ADDITIONAL INVESTMENT	1000000	77300000
1/1/99	ADDITIONAL INVESTMENT	1000000	78300000
1/1/99	ADDITIONAL INVESTMENT	1000000	79300000
1/1/99	ADDITIONAL INVESTMENT	1000000	80300000
1/1/99	ADDITIONAL INVESTMENT	1000000	81300000
1/1/99	ADDITIONAL INVESTMENT	1000000	82300000
1/1/99	ADDITIONAL INVESTMENT	1000000	83300000
1/1/99	ADDITIONAL INVESTMENT	1000000	84300000
1/1/99	ADDITIONAL INVESTMENT	1000000	85300000
1/1/99	ADDITIONAL INVESTMENT	1000000	86300000
1/1/99	ADDITIONAL INVESTMENT	1000000	87300000
1/1/99	ADDITIONAL INVESTMENT	1000000	88300000
1/1/99	ADDITIONAL INVESTMENT	1000000	89300000
1/1/99	ADDITIONAL INVESTMENT	1000000	90300000
1/1/99	ADDITIONAL INVESTMENT	1000000	91300000
1/1/99	ADDITIONAL INVESTMENT	1000000	92300000
1/1/99	ADDITIONAL INVESTMENT	1000000	93300000
1/1/99	ADDITIONAL INVESTMENT	1000000	94300000
1/1/99	ADDITIONAL INVESTMENT	1000000	95300000
1/1/99	ADDITIONAL INVESTMENT	1000000	96300000
1/1/99	ADDITIONAL INVESTMENT	1000000	97300000
1/1/99	ADDITIONAL INVESTMENT	1000000	98300000
1/1/99	ADDITIONAL INVESTMENT	1000000	99300000
1/1/99	ADDITIONAL INVESTMENT	1000000	100000000



THE BOTTOM LINE

IN ORDER TO ACHIEVE EVEN YOUR MINIMUM FINANCIAL GOALS, YOU MUST CREATE AN _____ FOR HOW MUCH YOU WILL _____ EVERY MONTH OR YEAR _____ !

REMEMBER, THE SOONER YOU START,
THE SLOWER YOU CAN GO!

Age	Investment	Return	Years	Results
25	\$ 5,000	7%	40	\$1,068,048
35	10,000	7%	30	1,010,730
45	20,000	8%	20	988,458
55	40,000	16%	10	989,316

This table represents yields for annual investments, earnings reinvested and compounded annually with all taxes deferred, or all taxes paid from other sources of income.



NOTES

IN ORDER TO ACHIEVE YOUR FINANCIAL
 GOALS, YOU MUST FIRST
 ESTABLISH A CLEAR
 PICTURE OF WHAT YOU WANT TO
 ACCOMPLISH AND WHY YOU WANT
 TO ACCOMPLISH IT. ONLY THEN CAN YOU
 DEVELOP AN EFFECTIVE PLAN TO
 ACHIEVE YOUR GOALS.

Year	Income	Expenses	Net Income	Assets
2000	\$1,000,000	\$700,000	\$300,000	\$1,000,000
2001	\$1,100,000	\$750,000	\$350,000	\$1,350,000
2002	\$1,210,000	\$800,000	\$410,000	\$1,760,000
2003	\$1,331,000	\$850,000	\$481,000	\$2,241,000

THE ABOVE INFORMATION IS FOR ILLUSTRATIVE PURPOSES ONLY AND DOES NOT REPRESENT AN OFFER OF ANY INVESTMENT OR FINANCIAL PRODUCT. ALL RETURNS ARE SUBJECT TO MARKET CONDITIONS AND ARE NOT GUARANTEED.

WEALTH



MASTERY

WHAT'S THE BEST INVESTMENT YOU CAN MAKE?



WHAT HAS BEEN THE BEST LONG-TERM INVESTMENT?

Since the end of World War II to December 2000:

<u>Investment</u>	<u>Average Return</u>	<u>Years to Double</u>
Inflation	3.7%	N/A
T-Bills (3-month)	4.5%	15.3 years
Gold	4.1%	17.1 years
Corporate Bonds	6.4%	11.3 years
U.S. Farmland	9.1%	7.7 years
Stocks (S&P 500)	12.3%	6.0 years

Thus, since World War II, the best investment you could have made is **stocks**—they have delivered a compounded rate of return of over 12% for nearly 50 years.

HINT: USE THE RULE OF 72

To calculate how long it will take to double your money, simply divide 72 by the interest rate. For example, an investment at 5% would double every 14 years ($72 \div 5 = 14.4$).



WHY INVEST IN GROWTH COMPANIES?

WHAT KIND OF RETURNS ARE POSSIBLE?

WAL-MART

1974: 78 stores [compared with Kmart (1,326) and Sears (851)]
Combined equity market value of Sears and Kmart was 65 times Wal-Mart.

1989: Market value of Wal-Mart was \$24 billion (3 times Kmart; 2 times Sears).

2001: 4,500 stores [compared with Kmart (2,105) and Sears (2,960)]
Market value of Wal-Mart was \$237.3 billion.

****A \$100 investment in Wal-Mart in 1974 was worth \$23,816 by the end of 1989. This same investment would be worth \$198,641 as of January 2001. Remember, this is NOT \$100 per month—this is a one-time \$100 investment!**

DISNEY

The market value of Disney was \$2.14 billion in 1984.

The market value of Disney is \$60.2 billion as of January 2001.

A \$100 investment in 1974 would be worth \$10,070 as of January 2001.

A \$100 investment in 1984 would be worth \$2,713 as of January 2001.

A \$100 per month investment (invested every quarter) in 1974 would be worth \$704,544 as of January 2001.

A \$100 per month investment (invested every quarter) in 1984 would be worth \$106,874 as of January 2001.



NOTES

“Never invest your money in anything
that eats or needs repainting.”

————— BILLY ROSE —————



WEALTH



MASTERY

ASSET ALLOCATION:

THE KEY
TO ALL
LONG-TERM
FINANCIAL
SUCCESS



NOTES



____ ALLOCATION WILL DETERMINE MORE OF YOUR LONG-TERM FINANCIAL SUCCESS THAN ANY INDIVIDUAL DECISION YOU MAKE.

There are *two* primary types of vehicles for investments.

1 **FIXED INCOME** provides a smaller rate of return on investments, but also has more security (assuming you get a quality-rated bond). Examples of this investment vehicle are:

Money Market Fund: Mutual fund that invests in short-term, relatively riskless money market instruments such as bank certificates of deposit, bankers' acceptances, commercial paper, and short-term government securities.

Municipal Bond Fund: An open-end company or unit investment trust that invests in diversified holdings of federal tax-exempt securities issued by state, city, and local governments.

Treasury Bill (T-Bill): Short-term debt issued by the U.S. government at a discount from its face value. Maturities occur at 3 months, 6 months, and 1 year. Minimum order is \$10,000, with subsequent multiples of \$5,000.

Treasury Bond: Debt obligation issued by the U.S. government with a maturity ranging from 10 to 30 years, and with \$1,000 as the lowest denomination.

Treasury Note: Debt obligation issued by the U.S. government with a maturity between 1 and 10 years. Lowest denomination issued is \$1,000.

A WORD ABOUT BONDS (FIXED INCOME/DEBT INSTRUMENT)

Bonds are a common way in which companies raise money by borrowing money from you in the form of an investment. You loan your money to the corporation, government agency, etc., and they issue a bond—a specific promise to repay all of your investment (i.e., principle) at a guaranteed rate of return by a specific maturity date. Thus, on the maturity date, you receive your original investment back as well as the particular "coupon," or interest rate that was issued (promised to you) on the bond.

Once you purchase a bond, you have locked in an agreement to be paid back all your money at the agreed-upon rate of interest. This will not fluctuate if you hold the bond until maturity (expiration date).

Q *If both stock and bond prices tend to decrease in value during a bear market, then why would I want to allocate some of my money to bonds?*

A Although both stock and bond prices drop as interest rates rise, quality bonds won't drop as much as stocks as you receive interest for the period that you own them.

Also, if you own convertible bonds, you can convert them into stocks if anything positive happens in the market.

SO WHAT DOES IT MEAN WHEN YOU HEAR THAT THE PRICE OF BONDS ARE FLUCTUATING?

As interest rates increase, bond prices decrease. As bond prices decrease, the yields (or interest rates paid) on those bonds increase. For example, suppose that you purchase a \$10,000 bond at 8%. This bond will pay you \$800 per year interest on that investment if you hold it until maturity. Let's suppose, however, that interest rates increase to 10%. If you decide you want to sell your bond, then you must pay 10% interest to whomever purchases it. In order for you to achieve a 10% return, however, the value of your original bond must be discounted (or decreased) from \$10,000 to \$8,000. In other words, by discounting the value of your bond to \$8,000, you will be able to pay 10% to whomever purchases it from you, yielding \$800 per year in interest.

Of course, you can hold your bond to maturity and you will not have to sell it at a discount. So, when you hear that the value of your bond has gone down, it has not actually gone down in the long-term, if you're willing to hold onto it.

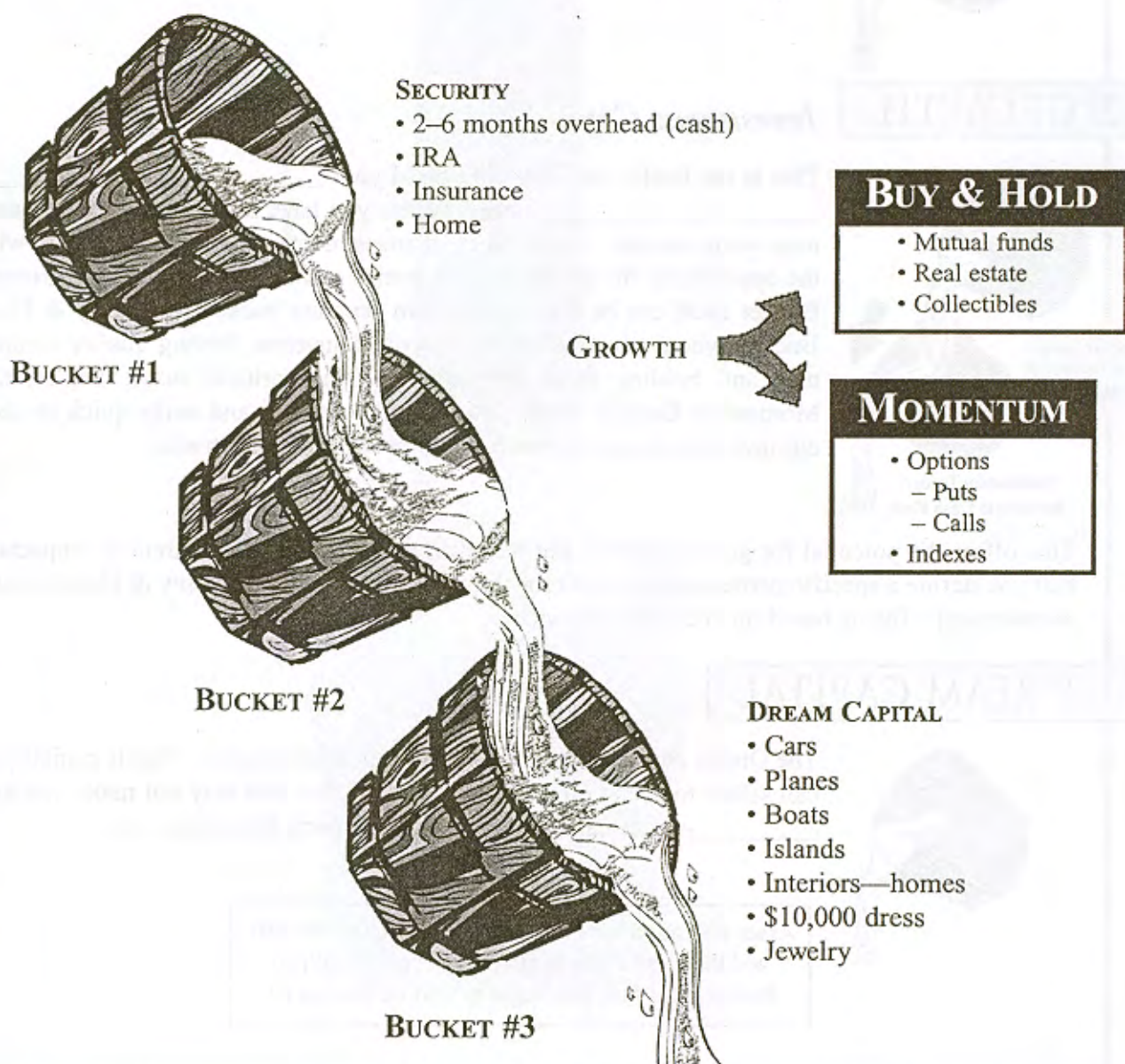
2 **GROWTH** is the second type of investment. Investments of this type have the potential for greater growth and appreciation, but they carry greater risk. There is no guarantee of any profit. These types of vehicles include stocks, mutual funds, and options.

REMEMBER

**NO INVESTMENT IS TOTALLY SECURE.
BUT SOME ARE RISKIER
THAN OTHERS.**

ASSET ALLOCATION: YOUR PHILOSOPHY OF INVESTING

More than any single piece of real estate or bond you invest in, more important than any single investment decision you make, will be your philosophy towards investing. Thus, it's critical that you develop a plan that makes sense.





THREE CHOICES FOR ASSET ALLOCATION

1. SECURITY

Your basic needs and _____ .



Your house, insurance, children's education, a 2-to-24-month reserve for income, etc. The Security Bucket is filled with fixed income investments like T-bills, bonds, pension funds, tax-lien certificates, insurance, and money markets.

2. GROWTH

Investment Capital



Buy & Hold
Investor:
Critical Mass

Momentum Trader:
Immediate Cash Flow

This is the bucket in which you build your _____ / _____ . This is where you have the opportunity to maximize your returns. These types of investments are not guaranteed—with the opportunity for greater growth comes greater risk. In fact, the Growth Bucket itself can be divided into two separate buckets: the Buy & Hold Bucket, where you take on the role of an investor, buying quality companies and holding them long-term to build critical mass; and/or, the Momentum Bucket, where you follow the money and make quick in-and-out investments, not so much as an investor, but as a trader.

This offers the potential for greater returns, but has even greater risk. It is extremely important that you define a specific percentage of your growth investments that will be Buy & Hold (versus Momentum). This is based on your risk tolerance.

3. DREAM CAPITAL



The Dream Bucket is where you put your dream capital. This is capital you can afford to spend on things that are fun, but that may not make you any _____—race cars, aircrafts, resorts, sports franchises, etc.

Asset allocation requires that you fill Bucket #1 first, and then you begin to start on Bucket #2. When Bucket #2 is full, you begin to start on Bucket #3.



IF YOU ARE UNDER 45





IF YOU ARE 45—55











IF YOU ARE OVER 55





ASSET ALLOCATION IN SUMMARY

AGE	CONSERVATIVE	AGGRESSIVE
Under 45	FORMULA: Security: 40% Growth: Buy & Hold 30%; Momentum 30%	FORMULA: Security: 30% Growth: Buy & Hold 35%; Momentum 35%
	1. SECURITY 40% 2. GROWTH 60%  <ul style="list-style-type: none"> • Buy & Hold 50% • Momentum 50% 	1. SECURITY 30% 2. GROWTH 70%  <ul style="list-style-type: none"> • Buy & Hold 50% • Momentum 50%
46-55	FORMULA: Security: 60% Growth: Buy & Hold 20%; Momentum 20%	FORMULA: Security: 50% Growth: Buy & Hold 25%; Momentum 25%
	1. SECURITY 60% 2. GROWTH 40%  <ul style="list-style-type: none"> • Buy & Hold 50% • Momentum 50% 	1. SECURITY 50% 2. GROWTH 50%  <ul style="list-style-type: none"> • Buy & Hold 50% • Momentum 50%
Over 55	FORMULA: Security: 70% Growth: Buy & Hold 15%; Momentum 15%	FORMULA: Security: 65% Growth: Buy & Hold 17.5%; Momentum 17.5%
	1. SECURITY 70% 2. GROWTH 30%  <ul style="list-style-type: none"> • Buy & Hold 50% • Momentum 50% 	1. SECURITY 65% 2. GROWTH 35%  <ul style="list-style-type: none"> • Buy & Hold 50% • Momentum 50%

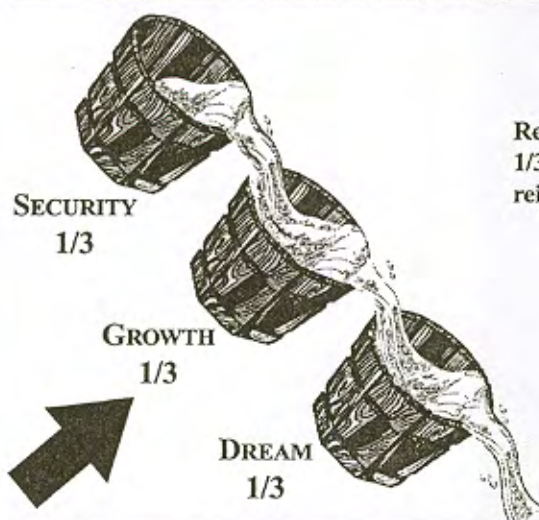


THE KEY TO FINANCIAL ABUNDANCE

REMEMBER THE KEY TO FINANCIAL ABUNDANCE:

In order to become wealthy you must spend less than you earn and invest the difference. Then reinvest your returns for compounded growth until you reach a critical mass of investment capital that creates the annual income you desire for life. Here is your formula for reinvesting:

REINVESTING YOUR *GROWTH* PROFITS—BUY & HOLD:



Reinvest your *growth* profits evenly into each of the three buckets: 1/3 of your profits into Security, 1/3 of your profits remain and are reinvested into Growth, and 1/3 into Dreams as a reward and play.

REINVESTING YOUR *MOMENTUM* PROFITS:

Why put only 25% in each bucket from your Momentum Bucket profits?



Once again you want to reinvest these profits and simultaneously reduce the risk that the profits you have made will be taken back out of your Momentum investing. Remember, Momentum investments may provide a greater potential for reward in a shorter period of time, but they also provide a greater level of risk. So, take some of your "winnings" and build up on your Security Bucket, strengthen your Buy & Hold Growth Bucket, reward yourself with your Dream Bucket, and reinvest in your Momentum bucket to keep expanding your profitability.

Reward yourself twice a year by using the money in your Dream Bucket!



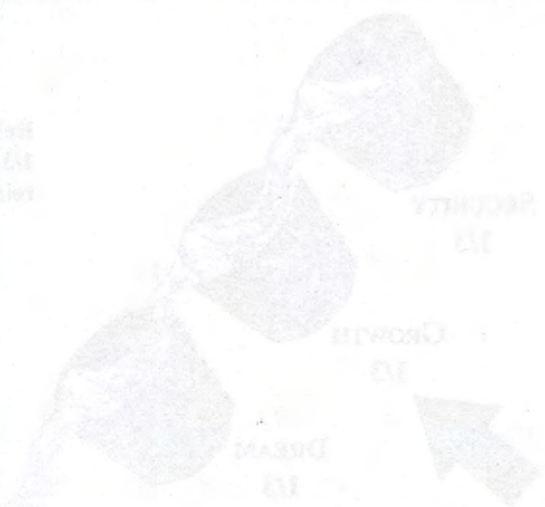
NOTES

REMEMBER THE KEY TO FINANCIAL ABUNDANCE

In order to become wealthy you must invest your money. The only way to increase the value of your money is to invest it. The only way to increase the value of your money is to invest it. The only way to increase the value of your money is to invest it.

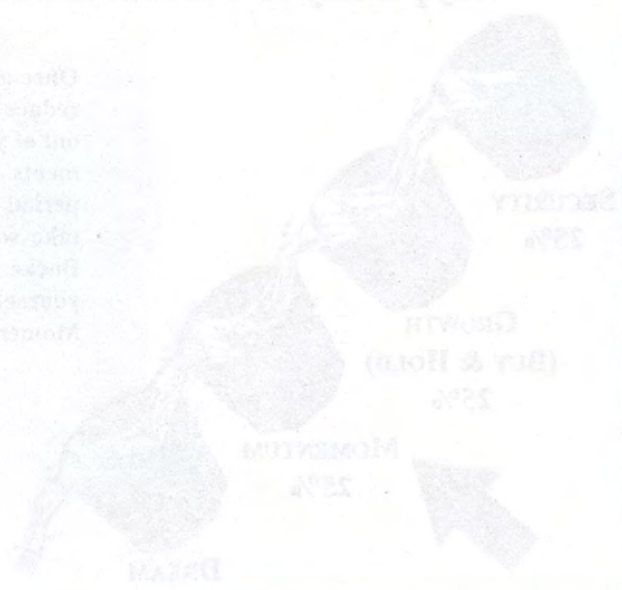
Remember Your 50-50-50 Rule

Remember, you should invest 50% of your money in each of the three buckets. This means you should invest 50% of your money in each of the three buckets. This means you should invest 50% of your money in each of the three buckets.



Why put only 25% in each bucket from your investment bucket profits?

One reason you want to invest your profits and dividends is to ensure that the money you have made will be taken care of. Another reason is to ensure that the money you have made will be taken care of. Another reason is to ensure that the money you have made will be taken care of.





THE DONOGHUE RISK TEST

Unless you've already accumulated a pile of riches, you're likely to find, that when you add up all of your desires, the total exceeds the amount you're confident you can accumulate by "paying yourself first" every month and investing. This fact is especially true, if you aren't convinced you can achieve investment returns of 10% or more per year.

The good news is you're probably more ready to take an aggressive investing stance than you realize. With a little discipline, you can probably build a nest egg faster than you expect.

Before you complete the process of negotiating your financial goals, take the following risk test. It will help you determine what kind of investor you are, and what kind of investor you may want to be:

1. **You buy an investment based on the strategies in this book. A month later, the entire stock market declines and the value of your investment goes down 15%. The fundamental reasons why you bought the investment still seem sound. Do you:**
 - a. Sit tight and wait for it to go back up?
 - b. Sell it and rid yourself of further sleepless nights?
 - c. Buy more—if it looked good at the original price, it looks even better now?
2. **Which would you rather have done?**
 - a. Invested in an "aggressive growth" mutual fund that failed to increase in value over six months.
 - b. Invested in a money market fund, only to see an aggressive growth fund you had been thinking about rise 50% in value in six months.
3. **Would you feel better if:**
 - a. You doubled your money in a stock market mutual fund?
 - b. Your money market fund investment saved you from losing half your money in a market slide?
4. **Which situation would make you happiest?**
 - a. You win \$100,000 in a contest.
 - b. You inherit \$100,000 from a rich relative.
- c. You earn \$100,000 by risking \$2,000 in the options market.
- d. Any of the above—you're happy with the \$100,000, no matter where it came from.
5. **Your apartment building is being converted to condominiums. You can either buy your unit for \$80,000 or sell the option for \$20,000. The condo's market value is \$120,000. You know if you bought the condo, it might take six months to sell. The monthly carrying cost would be \$1,200, and you'd have to borrow the down payment for a mortgage. You don't want to live in the building. What do you do?**
 - a. Take the \$20,000.
 - b. Buy the unit; then, sell it on the open market.
6. **You inherit your uncle's \$100,000 house, free of any mortgage. Although the house is in a fashionable neighborhood and can be expected to appreciate at a faster rate than inflation, it has deteriorated badly. It would net \$1,000 monthly if rented as is; it would net \$1,500 per month if renovated. The renovations could be financed by a mortgage on the property.**
You would:
 - a. Sell the house.
 - b. Rent it as is.
 - c. Make the necessary renovations, then rent it.



7. You work for a small but thriving privately-held electronics company, that is raising money by selling stock to its employees. The managers plan to take the company public, but not for four or more years. If you buy the stock, you will not be allowed to sell until the shares are traded publicly. In the meantime, the stock will pay no dividends. But when the company goes public, the shares could trade for 10 or 20 times what you would pay. How much of an investment would you make?
- None at all
 - One months' salary
 - Three months' salary
 - Six months' salary
8. Your cousin, a biologist who has made large profits investing in the stock market, tells you that unusual gains can be expected in the stocks of certain small companies. He recommends a mutual fund that invests in them. You know nothing about publicly-traded small companies, but you've heard they are risky investments. What do you do?
- Invest in the mutual fund immediately based on your cousin's recommendation.
 - Send for the mutual fund's prospectus, and watch the newspaper for information to help you decide whether your cousin's suggestion is correct.
 - Leave your money in a bank or money market mutual fund.
 - Call a stockbroker for advice, and buy shares in IBM when the broker tells you IBM is less risky.
9. Your long-time friend and neighbor, an experienced petroleum geologist, is assembling a group of investors (of which he is one) to fund an exploratory oil well that could pay back 50 to 100 times its investment if successful. If the well is dry, the entire investment will be worthless. Your friend estimates the chance of success is only 20%. What would you invest?
- Nothing
 - One months' salary
 - Three months' salary
 - Six months' salary
10. You learn that several commercial real estate developers are considering the purchase of undeveloped land in a certain location. You are offered an option to buy a choice parcel.
- The cost is about two months' salary and you calculate the potential gain to be ten months' salary. Do you:
- Purchase the option
 - Let it slide; it's not for you.
11. You are on a TV game show and can choose one of the following, which would you take?
- \$1,000 in cash
 - A 50% chance at winning \$4,000
 - A 20% chance at winning \$10,000
 - A 5% chance at winning \$100,000
12. It's 1992, inflation is returning. "Hard assets"—precious metals, collectibles, and real estate are expected to keep pace with inflation. Your assets are in long-term bonds. What do you do?
- Hold the bonds.
 - Sell them. Put half the proceeds in money funds and half in hard assets.
 - Sell the bonds and put all the proceeds into hard assets.
 - Sell the bonds, put all the money into hard assets, and borrow additional money to buy more.



SCORING

Now it's time to see what kind of investor you are. Total your score, using the point system below for each answer you gave.

1. a-3 b-1 c-4
2. a-3 b-1
3. a-2 b-1
4. a-2 b-1 c-4 d-1
5. a-1 b-2
6. a-1 b-2 c-3
7. a-1 b-2 c-4 d-6
8. a-5 b-3 c-1 d-1
9. a-1 b-3 c-6 d-9
10. a-3 b-1
11. a-1 b-3 c-5 d-9
12. a-1 b-2 c-4 d-6

TOTAL _____

IF YOU SCORED . . .

Below 18: You are a conservative investor who's allergic to risk. Stick with sober, conservative investments until you develop the confidence or desire to adopt riskier strategies. But when interest rates are falling and a bull market in stocks seems to be starting, don't eliminate the possibility of investing part of your funds in growth mutual funds. They offer opportunities too good to pass up.

18-32: You are an active investor who is willing to take calculated, prudent risks to achieve gains. You can consider all of the Donoghue investment strategies, and in the long run you'll achieve greater gains.

33 and over: You're a venturesome investor. Dynamic opportunities await you. Remember that the search for more return carries risks. If, however, you know you will not hit home runs all the time and are willing to strike out once in a while, go for it.

[Source: William E. Donoghue and Robert Chapman Wood, *The Donoghue Strategies: 10 Minutes a Week to Investment Success* (New York: Bantam Books, 1989)]



NOTES

LUMP SUM INVESTMENT OF \$1000

Conservative vs. Aggressive Investing

Conservative < ————— > Aggressive

YRS	6%	8%	12%	15%	18%	21%
5	1,338	1,469	1,762	2,011	2,288	2,594
10	1,791	2,159	3,106	4,046	5,234	6,727
15	2,397	3,172	5,474	8,137	11,974	17,449
20	3,207	4,661	9,646	16,367	27,393	45,259
25	4,292	6,848	17,000	32,919	62,669	117,391
30	5,743	10,063	29,960	66,212	143,371	304,482
35	7,686	14,785	52,800	133,176	327,997	789,747
40	10,286	21,725	93,051	267,864	750,378	2,048,400
45	13,765	31,920	163,988	538,769	1,716,684	5,313,023

The difference between \$1,000 invested conservatively at 6% and the same \$1,000 invested aggressively at 21% is over \$5,000,000 at the end of 45 years.

REMEMBER

NO INVESTMENT IS WITHOUT RISK!
WE DO NOT GUARANTEE ANY
SPECIFIC RESULTS OR RETURNS.



COMPOUNDING

Consistent vs. Aggressive Investing

YRS	Aggressive < ————— > Consistent			
1	21%	1,210	8%	1,080
2	20%	1,452	8%	1,166
3	18%	1,713	8%	1,260
4	9%	1,868	8%	1,360
5	-16%	1,569	8%	1,469
6	14%	1,788	8%	1,587
7	22%	2,182	8%	1,714
8	-12%	1,920	8%	1,851
9	-6%	1,805	8%	1,999
10	11%	2,003	8%	2,159
11	14%	2,284	8%	2,332
12	13%	2,581	8%	2,518
13	-19%	2,090	8%	2,720
14	22%	2,550	8%	2,937
15	24%	3,162	8%	3,172

Over the long-term, consistency will outperform occasional brilliance in an aggressive investment. At the end of 15 years, the consistent investment at 8% was slightly ahead of the aggressive investment, which was dramatically affected by just a few bad years.



WEALTH



MASTERY

WHAT DO I
INVEST IN
&
HOW DO I
DO IT?



NOTES



WHAT DO I INVEST IN & HOW DO I DO IT?

WHAT HAS BEEN THE BEST INVESTMENT
OVER THE LAST 50 YEARS?

HOW TO INVEST IS DETERMINED
BY WHAT MODEL OR APPROACH
YOU CHOOSE.

THERE ARE TWO PRIMARY APPROACHES:

1 *The Buy & Hold approach is where the focus is long-term _____.*

2 *The Momentum Investing approach is designed to give you immediate _____.*



BUY & HOLD MODEL

FOCUS

BUILDING CRITICAL MASS FOR LONG-TERM FINANCIAL INDEPENDENCE

Through a system of buying quality companies, and holding onto them as their value appreciates over the long-term, eventually providing long-term income (from Critical Mass)

To use this model, you buy stock in a company only if you *believe* that you are buying something of value that will be worth much more over the long-term as you hold onto it. If you are intelligent, you will develop a systematic approach to doing this (i.e., a system or method). Some systems/methods are more precise than others.

The Buy & Hold Model requires the following:

1. Intelligent evaluation of a company;
2. Willingness to have patience; and
3. A strong stomach.

REMEMBER

The average stock price fluctuates 50% over the course of a year; however, the rewards over the long-term are immense if you've done your homework.

Strategies for Success:

1. You must have the ability to accurately establish the real value of a company today and its long-term value.
2. You must buy quality companies at wholesale prices.
3. You must hold onto your investments over the long-term.
4. You must review the following methods:
 - A. America's Finest Companies
 - B. Warren Buffett
 - C. Peter Lynch
 - D. Sir John Templeton



WHAT SYSTEM DO I USE?

Q Now that I've decided which approach to use, how do I decide which of the 16,000 publicly-traded companies to choose?

A You must have an effective system for evaluating where the greatest profit potential lies.

THERE ARE *THREE* OVERALL SYSTEMS FOR EVALUATION:

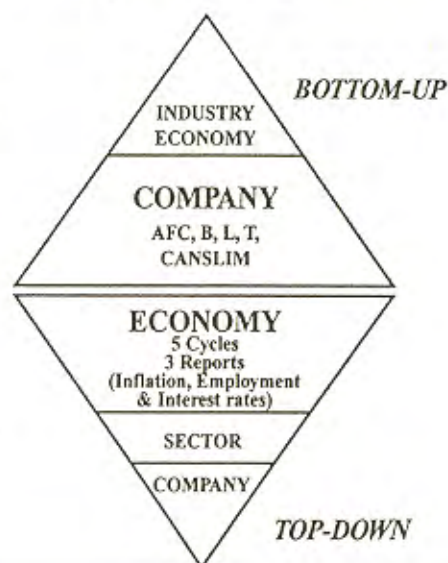
1 Guess and _____: an invitation for

- Hot tips
- Your brother-in-law's coaching
- Information from your _____ that you failed to evaluate.

The definition of gambling is taking information without evaluating it for yourself. Most gamblers lose.

2 _____ – up.

3 Top – _____.





NOTES

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BOTTOM-UP ANALYSIS

1 THREE STAGES OF ASSESSMENT

1. Investigate
2. Judge
3. Resolve

2 TWO PHASES

1. Is this investment a **Quality** investment/ company? Will it consistently increase in profit-ability and earnings?
2. Is it a great **PRICE**? Evaluate the cost (risk) vs. the potential reward (profit).

QUALITY means lasting value. A quality investment will become more valuable as time goes on. Successful stock market investing requires that you invest in quality companies that can consistently produce increasing **PROFITABILITY** through time. (Increased earnings are the foundation of a quality company.) To evaluate a company's true value, *do a long-term profit analysis of the company and the industry.*

PRICE: To be an effective investor, you must buy things for less than they're worth—you must obtain bargains. Buy **WHOLESALE!** In evaluating price, compare the cost (risk) vs. the potential reward (profit).

BARGAIN: A bargain is when the true value of the investment is more than the selling price.

NOTE

Where the Bottom-Up Analysis Works

- Buy & Hold
- Covered calls
- LEAPS (Long-Term Equity Anticipation Securities)

Where the Bottom-Up Analysis Doesn't Work

- Momentum Investing

3 FOUR METHODS OF EVALUATION

1. America's Finest Companies
2. Warren Buffet
3. Peter Lynch
4. Sir John Templeton

4 FOUR FILTERS

1. Qualify (ValueLine/Standard & Poor's)
2. Research (Annual Report)
3. Interview Qualified Evaluators
4. Debate



ORGANIZING PRINCIPLES FOR STOCK INVESTING

- 1** *Investing in stocks is really investing in companies.*
- 2** You want to know *anything that will affect the PROFITABILITY* of a company. *If the company you're investing in becomes significantly more profitable while you own the stock, you will make money. In the long-term, if the company does not increase its profitability, you will lose.*
- 3** Having a great product is not enough. Having great sales is not enough. **Profitability in the long-term is everything.**
- 4** **Popularity is a temporary state.** The Buy & Hold Model is not based on popularity. It's based on real long-term value. As a person who focuses on the Buy & Hold Model, you are an *investor*. Popularity rarely offers you a reasonable price. Using the Buy & Hold strategy with stocks that are overly popular can be a recipe for disaster.

Investing based on popularity can be a recipe for disaster (unless you understand that Momentum Investing is not a Buy & Hold Model!). The ultimate stock investment is a company that has ever-increasing levels of profitability that equal ever-increasing levels of financial return. Invest in profitable companies at the right prices, not in "stories."

REMEMBER

THERE ARE TWO PHASES:
PHASE I: IS IT A QUALITY COMPANY?
PHASE II: IS IT THE RIGHT PRICE?