1. Power Strategies: BUY WRITE WITH A NET DEBIT

This strategy allows you to lock in a price that you are willing to pay for a stock and allows you to sell your calls at the ask level vs. the bid level.

Let's say that a stock you would like to purchase is trading for \$19 3/4 by \$20. You call your broker and ask him, "What are the \$22.50 calls going for now?" He says, "They are \$2 by \$2 1/4." Now, if you were to place a typical covered call, your broker would have to make two transactions.

1 The first thing your broker has to do is buy the stock for you.

In this example, your broker put the order in at \$20. In the meantime, the stock went to \$19-7/8 by \$20-1/8. Thus, your order to buy at \$20 was not executed—you missed the trade.

2 The second thing your broker has to do is sell the call option.

Now, suppose that your broker was able to execute your order and buy the stock for you at \$20. However, right after you bought the stock for \$20, the stock dropped to \$19-5/8 by \$19-7/8. When the stock price dropped, the option price dropped, too. Thus, you didn't get the option for \$2 by \$2-1/4. Rather, the option has dropped down to \$1-3/4 by \$2. So, now you're looking at \$1-3/4 instead of \$2. Your broker cannot buy the option first. Since it is a covered call write, your broker must put "covered" on the option ticket.

1. POWER STRATEGIES: (CON'T)
BUY WRITE WITH A NET DEBIT

One of the big advantages to a buy write with a net debit is that the transaction is executed by computer, enabling you to execute simultaneously.

Furthermore, it is executed based on the "net debit," or the difference between the two markets. In this case, it's a $20 stock and the quote on the option was $2 by $2-1/4. With a buy write with a net debit, you get to write your option on the ***offer side*** of the market. In other words, you will get $2-1/4 for your option write.

How do you calculate your net debit?

> You subtract the $2-1/4 from the $20 and your net debit is the difference ($20 - $2.25 = $17.75). You get to buy the stock and write the call for a net debit of $17-3/4. Thus, you know that this buy write cannot cost you more than $17.75.

Anytime you write a covered call when you don't own the stock, you will do it as a buy write with a net debit. The advantages are:

1) You get to sell your option on the *offer* **side of the market** (the ask side). **This is the only** transaction that gives you this exception to the rule.
2) **You know exactly how much it's going to cost you. (It cannot be more than the price of the stock minus the net debit.)**
3) **It improves execution because normally writing a covered call is a two-step process that requires two market orders. With two market orders in, you could end up with a radically different return than you anticipated.**
4) **Since you are selling on the offer side and you are getting the benefit of the spread, this benefit can cover your commissions. Thus, this can be a "commissionless" write. Although you'll still pay commissions twice, you'll bring more money into your account to pay those commissions.**

** This buy write is a limit order, but you want to do a limit order on a covered call. So, if you do miss out on the buy write, reevaluate your situation.*

2. POWER STRATEGIES: BUY-RALLY-WRITE

3 SIMPLE STEPS

1. **Buy the stock;**
2. **Wait for the stock price to rise; and**
3. **Sell the option (write the call) when the stock reaches a higher price.**

Example:

October 17, 1997

Buy ABC Stock for $16.50 per share
(Option prices are:
Nov. $17.50 call = 7/8 x 1
Nov. $20.00 call = 1/4 x 3/8)

October 24, 1997

ABC stock is now at $17 7/8
Sell covered call:
Nov $17.50 call = 1 1/2 x 1 5/8
Nov $20.00 call = 5/8 x 3/4

By allowing time for the stock to increase in price, you will receive a higher premium for your option (i.e., more money when you write), thereby increasing your monthly yield substantially. Also, as in the above example, by writing the November $17.50 calls, you could 'lock-in' a $1 capital gain in addition to a nice percentage return on the covered call.

NOTES

3. How To Buy A Stock Below The CURRENT MARKET VALUE

THIS STRATEGY WILL HELP YOU:

1) Lock in greater profits if the stock moves up.
2) Average your effective cost basis consistently if the stock moves down.
3) If the stock price stays the same, it allows you to own the stock effectively below market value.

Step 1 If you have a stock that you would like to purchase, **first purchase the stock.** For example, buy 500 shares at $11.

Step 2 Then, **write a covered call on the stock**. In this example, you could write 5 contracts (500 shares) of the $12.50 calls for a $1 per share premium. Thus, the total premium you take in is $500.

Step 3 At the same time, **write puts on the stock.** Again, in this example, you would have sold 5 contracts (500 shares) of the $10 puts for a $1 premium. Thus, the total premium you take in is again, $500.

- *If the stock goes above $12.50, your stock will be called away at $12.50.* Thus, your effective cost basis for the stock is even lower: $11 - $2 (for the premiums) = $9.00. In addition, you received $1.50 in capital gains for a total profit of $3.50.

- *If the stock goes below $10, let's say to $8, then you will Put the stock and you will have to buy another 500 shares at $10.* Remember, your blended **effective cost basis** is still only **$9.50** ($9 for the first 500 shares you bought—since you took in $2 for the premiums; and, $10 for the second 500 shares—that you had to purchase at $10). Even though the current market value might be $8 for the stock, remember that you originally purchased it at $11. So, a $9.50 blended effective cost basis isn't bad!

REMEMBER

Only utilize this strategy with stocks that you love and want to own.

REFERENCE: STORY STOCKS— THE POWER OF NEWS

The #1 factor that moves stock prices is news. So, you want to capitalize on that factor by seeking out companies that are in the news and then buying stocks when the news is good and shorting the stock when the news is bad. Generally, you want to **buy on the rumor of good news and sell after the news comes out**. (The stock has usually made its move by the time the news is out.)

NEWSWORTHY ITEMS:

1. Earnings announcements
2. Stock split announcements
3. New product announcements
4. Management shake-ups or changes
5. Personal tragedies (e.g., Disney's top five executives were killed in a plane crash)

SO, HOW DO YOU FIND COMPANIES THAT ARE IN THE NEWS?

1. Read your financial publications every week, such as *Barron's*. Based on everything you've read, what opportunities do you think are the best? Is a company about to announce its earnings? Is there a hot new product about to be released?

2. Before buying a stock or an option, do your homework! (i.e., review the S & P Report; TeleChart 2000®, Buy & Hold Analysis, and charts from your broker, etc.)

3. If the news is good and your homework tells you that its a quality company at the right price, then you can either purchase the stock or play the options (buy a call, sell a put) on the stock.

If the news is bad and your homework tells you that the stock is probably going to go down in price, then you can short the stock or play the options (buy a put or sell a call).

Remember, these are usually short-term plays. Expect your play to last only a few days, as you are riding on the momentum of the news.

HINT #1

Set up a monthly tickler file to capture news items. For example, if you read in *Barron's* that Microsoft is being sued by the U.S. for its trade practices and the case should be settled by the end of March, 1999, set up a reminder on March 1 to review the progress of the suit!

HINT #2

Look in *Barron's* to see who the winners and the losers of the week were. After reviewing the charts you may discover that the "losers" will bounce back and the "winners" will retreat.

NASDAQ BIGGEST % MOVERS

WINNERS

Name	Volume	Close	Change	% Chg
[illegible]	4212	[illegible]	+ 2⅝	+ 42
DeepTechInt	[illegible]	[illegible]	+ 2⅝	+ 31
[illegible]	[illegible]	3½	+ 1⅝	+ 31
Outdoorsys	[illegible]	[illegible]	[illegible]	+ 30
[illegible]	[illegible]	[illegible]	[illegible]	+ 24
MeridSports	[illegible]	4	[illegible]	+ 23
TravelPort	[illegible]	[illegible]	+ [illegible]	+ 22
[illegible]	322	[illegible]	+ 1⅝	+ 22
RiverPub	[illegible]	[illegible]	[illegible]	+ 22
[illegible]	[illegible]	5	+ ¾	+ 21
PetrlDev	7184	[illegible]	+ ½	+ 20

LOSERS

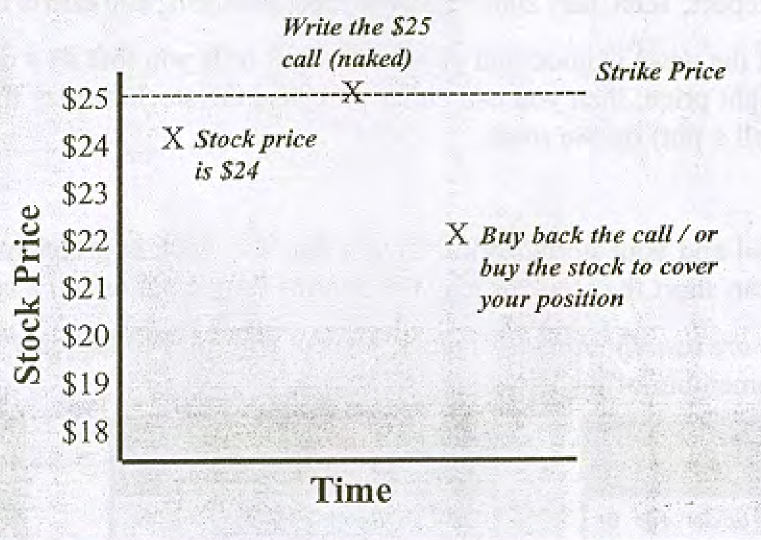
Name	Volume	Close	Change	% Chg
[illegible]	[illegible]	[illegible]	[illegible]	— 55
[illegible]	[illegible]	[illegible]	[illegible]	— 54
[illegible]	[illegible]	[illegible]	— 5⅝	— 53
Dialogic	[illegible]	[illegible]	— 24 [illegible]	— 49
[illegible]	[illegible]	[illegible]	— 7	— 45
MarinaChrist	[illegible]	[illegible]	— 7⅝	— 44
[illegible]	7302	5	[illegible]	— 43

REFERENCE: SELL ON STRENGTH, BUY ON WEAKNESS

This strategy involves writing *naked* calls on strength with the hope of buying the stock at a lower price to cover it.

For example, suppose the stock you are interested in historically trades between $20 and $24. You want to purchase this stock, but let's suppose the stock price is currently at $24. So, instead of just purchasing the stock, you first write a $25 naked call. Let's suppose that you take in $1.50 for the premium. If the stock goes up to $26, you will be executed, and you will have to purchase the stock at $26. Because you took in a premium of $1.50, however, your effective cost basis is still only $24.50. If the stock goes down, you are in great shape. You can take your profits and buy back the call that you sold and close out your position. Or, you can just buy the stock to cover that position.

EXAMPLE:



NOTE: ***As "naked" trades could involve significant risk, you must qualify to be able to trade "naked" options—this is the highest level of options trading qualification.***

WEALTH $ MASTERY

HOW TO LIMIT YOUR LOSSES

NOTES

How to Limit Your Losses: Defense & Exit Strategies

The best defense is a strong offense.

WHEN TO SELL

The most important thing you have to learn is money management. It's just as important to limit your losses as it is to manage your profits.

1 **If you discover that your original premise is wrong.** In other words, you discover that your stock violates the criteria that originally caused you to make the investment.

- **As an investor (Buy & Hold):** If you discover that the company is no longer a quality company (i.e., the product is no longer a leader in the industry, there are signs of management instability, changes in costs based on inflation, decreased earnings, etc.)
- **As a trader (Momentum):** If your premise was that the news was going to cause some reaction, e.g., ValueJet was going to be reapproved by the FAA and the FAA made no such move, within 3-10 days (depending on your risk tolerance) you want to get out. Every day you stay in when your premise is not met, the option is likely to be worth less. Time is passing and momentum is no longer your friend.

2 **If your stock breaks the 90-day moving average.** (The 90-day moving average will show you where the price support and price resistance levels lie. If it breaks the intermediate or short-term trend line, then it's probably developing a new trend line at a lower price point.) Note: If you wait until the stock breaks the 200-day moving average, you could be in real trouble!

3 **When you buy a stock or an option, immediately place a sell stop to protect yourself from loss.** In other words, if you purchase the stock at $27, and the price support level* for the 90-day moving average (i.e., the bottom trend line) is at $24 1/2, then you will want to place a sell stop at, let's say, $23 7/8. This protects you from your stock falling below $23 7/8. (With options, place a "mental" sell stop so that the market maker cannot take advantage of you.)

- **As the price of your stock moves up, you want to raise your sell stops to protect the profits you have gained so far.**
- **On average, you want to set the sell stop 10% below the price you bought it.** If you wanted to change that, depending on your risk tolerance, you could set it 10% below the amount you paid for the stock after having written the call. In other words, if you bought a stock for $10 and you're selling the call for $1.50, your effective cost basis is $8.50. You could put the sell stop at $8.50 so that you'd be even. Or, you could put the sell stop at $7.50, approximately 10% below your effective cost basis giving you a little more room to play. You would still be covered and the most you could lose is $1.00 per share.

4 **Sell when you believe you have reached your profit potential.** Ask yourself, "What else could I be doing with my money?" Substitute your investments that aren't quality and aren't growing with investments that will work for you.

5 **Options: If your options drop below 50% in value, sell.** Come back and fight another day! (It will take a 100% increase in the price of the option for you to break even at this point.) Be sure to set a "mental sell stop" to sell at 50%, so that the market maker cannot take advantage of you.

* *Refer to the section on "Charts & How to Interpret Them" toward the end of this manual.*

DEFENSE ANALYSIS: KNOW THE COMPANY

EXAMPLE

Let's say that in April, you bought IMPX stock for $15. On the same day, you sold $15 calls for $2.00. Thus, your effective cost basis is $13 ($15-$2).

1 What is your actual cost per share? ________
New average (if additional stocks purchased)? ________

2 What is the range over which this stock has fluctuated in the last:

	Week	2 Weeks	Month	90 Days	6-12 Months
WHY?					

3 What is the company's greatest strength? ________

4 What is this company's greatest weakness? What factors could cause the profitability of the company to decline or the price of the stock to drop?

a. Cyclical?
b. Interest rates?
c. Industry cyclical based on calendar? Based on economy?

5 Who are its major customers and/or suppliers? ________

6 What is its current state, and what could affect its future state? ____________________

____

____

____

7 What are the quarter-to-quarter sales (compare the same quarter this year with the same quarter last year)? ____________________

Have there been consistent dividend increases? ____________________

8 Look at the charts on the company (ask your broker to print them for you), and look for the support and resistance price levels.

9 What is the recent news on this company? Always check the news first!

____

____

Reprinted From *The New York Times*

Investor Frenzy Beyond the Pale

By Leslie Eaton, *The New York Times*

Why not just throw your wallet out the window and save everyone a lot of time and trouble?

There comes a time when that nasty thought occurs to even the fiercest proponent of investor protection.

That time is now. The place is Ft. Lauderdale, Fla. And the stock is Home Link.

The Home Link Corporation has a lot in common with other outfits that have stirred up an investor frenzy lately. It has no earnings. It has no revenues. And it has a stock chart that looks like an Apollo lift-off.

What makes Home Link stand out from the crowd is its complete lack of publicly available financial statements. The company has not filed with the Securities and Exchange Commission anything remotely resembling a registration statement, annual report, income statement, or balance sheet.

It has filed notices that it sold shares privately to a few unidentified investors and that it "intends to be engaged in the business of providing daily, usable information through the utilization of an array of proprietary software programs that provide an unlimited source of information to households and businesses worldwide." Oh.

Nevertheless, in February, the company's stock started trading on the NASDAQ bulletin board where the only requirement is that dealer wants to make a market. After a 20-for-1 split on May 23, the stock zoomed from about $1 to over $16 last Monday, when the S.E.C. suspended trading.

The commission contends that investors and dealers are missing some basic information, like how many Home Link shares are outstanding and what the company's prospects are. This leads regulatory party poopers to wonder how dealers—and there are eight—can bid on the stock.

Home Link's president, **Marlan C. Matson, cheerfully acknowledges that investors seem to be buying the stock simply because it has been going up. Of the 300 or so folks who had called since Monday, "Less than 1 percent have any idea what the company does," he said on Thursday.**

Its business is pretty hard to figure out, even after viewing Home Link's promotional video about the "super information highway" and admiring a sketch of the company's Jetson (as in the cartoon) video phone. Mr. Matson explains that Home Link will provide services over a **fiber optic cable system run by a private Nevada company—of which he is the sole officer, according to state records.**

Had investors cared to look, Mr. Matson's colorful career was readily available in newspapers around the country. **He ran three companies in California that filed for bankruptcy, had public disputes with his employees and partners in those ventures, and abandoned gambling projects in Illinois and Florida when state officials said they would be illegal.**

Mr. Matson allows that his gambling activities "ruffled feathers" of state regulators; he blames unscrupulous business associates for his problems in California.

And he promises that investors will soon know more about Home Link because he intends to put out press releases every day for the next week, leading up to big announcements that he says will "jar the world" on June 24 (the first day Home Link will be eligible to trade again).

In a market where many stock stories sound far too good to be true, it can be hard for investors to maintain a skeptical attitude. But at some point, a fool deserves to be parted from his money. This looks like that point.

DEFENSE STRATEGY

A defensive strategy is different for every person depending on his/her investment objectives.

1 **What is the maximum risk (i.e., maximum amount that you can and are willing to risk losing on this investment)?**

2 **What signals a yellow light (caution; prepare for action)?**

3 **What signals a red light (stop current direction and get out)?**

(Hint: Stock price earnings announcements? Interest rates? Other?)

4 **What is your strategy for covering your downside? (e.g., Buy "term insurance" even if it costs you part of your profitability.)**

DEFENSE STRATEGIES

STOCKS

1. **The #1 defense is a good offense**—Do your **homework** in advance of purchasing the stock! If the stock price fluctuates (and it will), immediately review the fundamentals. Is this still a quality company? Is the long-term outlook for this industry still strong? If you bought a quality company at the right price, you'll be fine. Remember, the average stock price will fluctuate 50% over the course of a year.
2. If you bought a stock improperly—and we know that you won't do this anymore because you're going to use what you've learned here, but if you did—the best defense is to **place sell stops and get out with as little downside as possible.** Again, you should predetermine the loss that you'd be willing to risk and place your sell stops at that level at the time of your purchase.

COVERED CALLS

1. **Buy & Hold:** If the stock price decreases, hold the stock. If you liked it at $15, you'll love it at $10! Wait for the time to expire or buy back your call at a lower price to maximize your profits.

2. **Buy & Hold:** If the price of the stock increases and you don't want it to be called away (i.e., you like the stock and want to own it), buy back the call that you sold. Ideally, wait until the final day when there is no time value left so that the price is more likely to be close to what you paid. You will lose your profit from the premium, but you will keep your stock.

3. **Momentum:** If the stock price drops to the level of your sell stop or your exit level, buy back your call at a lower price. (As the stock price declines, the option price will decline, too.) Thus, you maintain the portion of the profit you received for selling the call and sell the stock at your predetermined risk level (i.e., sell stop level).

OPTIONS (CALLS, PUTS, "NAKEDS")

1. **If the price of the stock drops, the price of the option will drop, too.** If you believe that your premise was wrong, then sell your call and recoup the majority of your investment. (Do this based on your predetermined mental sell stop levels.) In addition, if you feel certain that your premise was completely wrong and that the price of the stock will continue to decline, consider buying a put and make money while the stock price decreases.

2. **If the price of the stock decreases, but you believe that your original premise is still correct** (e.g., the split is still approaching, the news you're expecting hasn't happened yet), you can purchase additional options and lower your effective cost basis per share, thus increasing your opportunity for profitability.

LET'S REVIEW
DEFENSE STRATEGIES FOR OPTIONS

If you bought a call . . .

A. Buy ***wholesale*** only. (This can only be achieved if you do your homework on a quality company and do a price analysis) If the stock price does go down, you may want to buy more options because the equivalent of "Dollar Cost Averaging" can increase the chances of selling at a profit. (Use this strategy only if it is a quality company, and if after doing your homework you believe in the stock.)

B. Remember, ***you can always get out of a position by doing the opposite.*** Since you bought this call, you could sell the call before it drops considerably to cut losses.

C. If you are certain the stock price will go down, you can ***buy a put*** and ride the stock back down. By purchasing a put, you are purchasing the right, but not the obligation, to make someone else buy this stock from you at a set price. By locking in this price, as the stock declines, you earn the difference between the actual price of the stock on the day you execute this option and the strike price at which you locked in the put option.

D. If you are certain that the fundamentals are still sound and the stock and option will increase before the expiration date, you can utilize the equivalent of ***dollar cost averaging.***

If you bought a put . . .

A. The fundamental way to defend your position is to do the opposite of what got you into the position initially. What this means is after buying this put and you become concerned that the stock will actually rise instead of drop, ***you can sell the put to get out of your obligation*** and regain some or all of your premium.

B. Sell your purchased put at a loss and, if the stock price is truly rising, you can ***buy a call option*** and make money as the stock rises.

C. If you believe the stock is now rising, you can ***sell someone else the right to put this stock*** to you at a price you are certain the stock will not fall back to. Thus, you'll receive immediate cash (i.e., the premium) to offset some of the money you may have lost when you bought this initial put.

If you sold a call . . .

A. For a covered call—***buy it back.*** If the stock price goes up, the option price goes up, too. However, as time runs out of the option, you might be able to buy an identical call for less, thus canceling out the transaction. You still keep your profit and the stock.

B. If you are naked, your best defense is to ***cover your position.*** If you still believe that the stock is going to continue to go up, you may want to buy (or go long) another call option.

EXAMPLE

Let's say that you sold the Iomega July 25 puts for \$2.25. At the expiration date, the stock price is \$24 so you put the stock—you will have to purchase the stock for \$25. Even though you're paying more than current market value for the stock, your effective price per share is only \$22.75 (less than current market value) since you took in the \$2.25 premium.

If you sold a put . . .

The fundamental way to defend your position is to do the opposite of what you did initially.

A. If you sold this put, you can ***buy the put back.*** Timing is everything. If possible, buy the put back at the lowest possible price which will often be near the end of the option period when there is little time value reflected in the price.

B. ***Be willing to own*** the stock at that price. Remember, your effective price for the stock is less than the actual price since you sold the put. And you have that premium to lower your effective price per share.

SELL STOPS

ONE OF THE BEST STRATEGIES FOR PROTECTING YOUR DOWNSIDE IS TO NEVER, EVER MAKE A TRADE WITHOUT SETTING A SELL STOP AT THE SAME TIME.

A sell stop (or stop loss order) is simply an instruction to your broker that requires him/her to sell at a specific price.

For example, if you purchase Microsoft stock at \$125, you can put a sell stop in at \$115. This means that should the price of the stock drop down to \$115 or lower, your broker would be required to sell the stock. The advantage to placing the sell stop is that you are automatically protected. In this example, if some news about a competitor caused the stock price to gradually fall to \$105, because you had a sell stop placed at \$115, you sold the stock when it hit \$115, limiting your losses to \$10 per share rather than \$20 per share.

To illustrate this point, let's take a look at the psychology of purchasing a stock.

Q: *What do most of us do when we purchase a stock?*

A: We rationalize what we should do at each stage of the game.

Purchase at \$18	"Based on Uncle Harry's recommendation I bought 100 shares of this stock."
Stock goes to \$20	"Look what a great decision I made! I'm up \$2 per share!"
Stock goes to \$18	"That's okay, I bought it at \$18 so I'm still even."
Stock goes to \$16	You stop looking at it because it's not fun to watch anymore.
Stock goes to \$13	Now you decide to do your homework on the stock. Even though it's not a great investment, you don't want to sell it now because you're already down \$5 dollars a share. So, you hold onto it because you're sure (you hope!) that it at least has to return to what you bought it for.

Q: *What if you had placed your sell stop at \$16?*

A: Your losses would only be \$2 per share, and you would now be free to invest your money somewhere else.

SELL STOPS

PROTECTING YOUR PROFITS

Remember, sell stops are not just designed to protect your losses. Let's take the same Microsoft example. What if the price suddenly jumps to $140? Would you want to leave your sell stop at $115? Of course not. As the price of your stock increases, you want to raise your sell stops. In this case, raise your sell stop to $130. This ensures that even if the price drops back down, when it hits $130 you will sell it, locking in a minimum profit of $5 per share. Thus, as the price of the stock rises, raise your sell stops accordingly.

SELL STOPS WITH STOCKS

When you purchase a stock, at the same time simply place a "GTC" (Good Till Cancelled) to sell the stock. For example, using the same Microsoft example, when you purchased the stock at $125, you tell your broker "to place a GTC to sell at $115." A good rule of thumb when trading stocks is to place your sell stops at approximately 10% below what you invested.*

* The exception: The natural volatility of some stocks may cause their price to fluctuate up or down 10-15% (or more) on a regular trading day. Thus, you may want to lower your sell stop by 15-20%. While this carries with it more risk, it will also protect you from having your sell stop executed prematurely.

SELL STOPS WITH OPTIONS

When you purchase options, you want to tell your broker to set a MENTAL sell stop, so that the market maker cannot take advantage of you. Because options are so thinly traded (compared to stocks), the market makers have the ability to see what you are trading. For example, let's say that you bought the option at $2 and that you placed a sell stop at $1. Then, suppose the option price moves down to $1.25. The market maker, seeing your sell stop in place, could decide to move the option price down to $1 and take the stock away from you. Although this practice is not approved by the SEC, in reality, it does happen. Thus, simply telling your broker to place a mental sell stop (e.g., "Sell the option if it gets down to $1"), will prevent this challenge from occurring. A good rule of thumb when trading options is to place your sell stops at approximately 50% of what you invested.

EXAMPLE
OPTIONS TRADING

Buy a call for $1.50. . . . . . .Set your sell stop at $ 0.75, because you want to limit your loss, and you also want to let the price run through its normal fluctuations.

The option goes to $4.00. . . .Raise your sell stop to $3.00 (ensuring a 100% profit).

The option goes to $7.00. . . .Raise your sell stop to $4.50 (ensuring a 200% return).

The option goes to $11.00. .Raise your sell stop to $7.00 (ensuring a 367% return).

SELL STOPS

RULES OF THE GAME

1. **Never risk more than you can afford to lose!** If the stock price tends to fluctuate 15% and the most you can afford to lose is 10%, then this is not a wise investment for you.

2. **Look at the charts** (i.e., the 50-day moving average) to see how much the price tends to fluctuate. For example, if the stock fluctuates consistently between $24 and $27 (and you can afford to take a loss at $24 per share!), then set your sell stop at $23 7/8. This will ensure that your sell stop is not affected by the normal day-to-day fluctuations, but that you are still protected from a ***major*** drop in price.

3. **If your broker tells you that you can't place a sell stop, get a different broker.** The laws set forth by the SEC allow for any trade to be executed with sell stops or GTCs.

4. **Again, with options, be sure to set only *mental* sell stops** with your broker so that the market makers cannot take advantage of you.

5. **Remember, a sell stop will *not* protect you in the case of gapping.** A sell stop will only be executed when the stock or option reaches that exact price. For example, recently the stock price of Ceridian Corp. (CEN) closed at 43. After the market closed, the company announced negative news, including a reduction in earnings of over 60% from last year. The next day the stock opened at 36. Thus, if your sell stop was set at 40, you would not have been executed at the open of 36.

6. **Sometimes you have to take a loss in order to get the win.** By placing your sell stops, you will minimize your losses. Every time you sell an investment that isn't doing what you expected, you free up more capital to invest in better opportunities. *Remember, once-in-a-life-time opportunities come around once every two weeks!*

7. **Leave some on the table for someone else!** Remember, you're never going to buy at the low. You're never going to sell at the high. There are always more opportunities than there is money.

NOTES

WEALTH $ MASTERY

MECHANICS

NOTES

HOW TO SELECT A BROKER

THREE TYPES OF STOCKBROKERS/BROKERAGE HOUSES

1. ________________ SERVICE
2. __________________________
3. DEEP ________________

1. FULL SERVICE

EXAMPLES: Merrill Lynch & Co.; Salomon Smith Barney Holdings; Paine Webber; Prudential Securities; Piper Jaffray; Morgan Stanley Dean Witter; A.G. Edwards

Advantages:

- __________________! Full-service brokerages spend thousands of dollars a year to obtain the most accurate, up-to-date information available.
- Access to research data and reports from their own stock analysts, S&P reports, etc.
- Can provide you with good investment advice, strategies, etc.
- Will call you when they have a good deal.
- May be a market maker on a particular stock and can lower the amount you pay to purchase the stock.

Disadvantages:

- ________________ ___________ for executing trades. If you want to be an active trader and only have a small amount of capital to invest, most of your profits can be eaten up with broker commissions (since you pay commissions every time you buy or sell a stock or option).

Note: If you are an active investor with a large number of trades or a significant amount of equity in your portfolio, you may be able to negotiate a lower commission rate even with a full-service brokerage house.

2. DISCOUNT

EXAMPLES: Charles Schwab & Co.; Fidelity Investments.

Advantages:
- Fees much less than those of full-service brokerages (up to 50% less).
- Will provide some information, reports, etc.

Disadvantages:
- Less information and input than a full-service broker.
- Virtually no advice.

Check any financial publication, such as The Wall Street Journal or Barron's for broker advertisements.

2. DEEP DISCOUNT

EXAMPLES: Accutrade; National Discount Brokers; E-Trade; Waterhouse Securities; DLJ Direct; Brown & Co.

Advantages:
- Fees as low as $0 per trade.

Disadvantages:
- Little information, no advice; will not even act as a sounding board for any suggested trades.

Note: Each type of brokerage (full-service, discount, deep-discount) can execute your trades. What you're paying for with full service brokers is the higher level of service and quality information they provide.

BROKER LISTING

1 BROKERS WHO CHARGE LESS THAN $30 COMMISSION (DISCOUNT AND DEEP-DISCOUNT BROKERS)

The internet has made it easier than ever for an individual to "play the stock market." Trading on the web has significantly driven down the cost of trading; however, in the process, it has also allowed for the inexperienced investor to trade without the advice of a seasoned broker. As you will see from the attached chart, many brokers are available at or below $30 commissions, and thus classify as Discount Brokers ($15-29) or Deep Discount Brokers ($7-15). Notice that the services, primarily research, vary greatly among these brokers. Ask around, and don't be afraid to go out on the internet to research companies in this category. For starters, try www.sonic.net/donaldj. Another great informational site for the beginning investor is located at:

www.investorlinks.com/broker.html

2 MIDDLE DISCOUNT BROKERS

In this category, the brokers generally offer more services, such as a wide variety of mutual funds, or free charts and business news. Commissions are between $30 and $40 for 100 shares and less than $200 for 5000 shares.

3 HIGH-COMMISSION DISCOUNTERS

In this category, the brokers usually have a flat minimum/maximum commission plus an additional fee based on percentage of the dollar value of the trade. Generally, but not always, these brokers offer many additional services, such as a wide variety of mutual and no-load funds, the ability to buy funds on margin, free real-time quotes, free charts, business news, and more.

4 FULL-SERVICE BROKERS

Commissions can range from under 1% to as much as 5% of the trade amount, depending on the size of the trade, size of the overall portfolio, and trading activity.

Commissions average $53.70 for 100 shares @ $20; $133.49 for 100 shares @ $80; $264 for 1600 shares @ $5 and $1,097 for 5000 shares @ $20. Options start around $65.

NOTES

IN ADDITION, THERE ARE THREE OTHER WAYS TO

PURCHASE STOCK

1 OVER THE INTERNET.

Note: Many deep-discount brokers also now have their own web pages or Internet access. They will provide you with software that will allow you to place orders through their web page or Internet address using the modem from your computer. **The average execution time of your trade is within 35 to 60 seconds of placing your order.** (This assumes that if you're trading on margin, all appropriate margin agreements are signed, and there's money in your brokerage account.)

2 A FEW COMPANIES ARE BEGINNING TO OFFER THEIR STOCK DIRECTLY TO INVESTORS OVER THE INTERNET, WITHOUT GOING THROUGH A BROKER.

While this type of sale is in its infancy, many market watchers are predicting this could revolutionize the way stocks are sold in the future. For more details, visit: www.netstockdirect.com, www.enrolldirect.com, and www.noloadstocks.com.

3 DIVIDEND REINVESTMENT PROGRAMS.

Once you have purchased a certain number of shares of some companies' stock, these companies will allow you to purchase more shares directly from them without going through a broker (thereby eliminating brokerage commissions on these purchases). If you elect to participate in these dividend-reinvestment programs, any dividends paid on the shares you already own will automatically be applied to purchasing more shares of stock. For more information, see The Money Paper (see reference guide), a publication specializing in companies with dividend-reinvestment programs.

If You're a Buy & Hold Investor

If you already know exactly what you want to buy, and you're looking for good execution, you can use a deep-discount broker or E*Trade and increase your profits by decreasing the commissions on your trades. Just make sure you do your homework and evaluate thoroughly any companies from which you wish to purchase stock!

If You're a Momentum Investor

New investors may benefit greatly from the information and greater service provided by a full-service broker, but unless you have a sizable sum you're planning to invest, any profits from options trading may be eaten up with the higher commissions of a full-service broker.

More experienced investors may not need the coaching of a full-service broker, but if they are planning on actively investing in vehicles like stock splits, channeling, etc., they may find the depth of information and resources of the full-service brokerage can more than make up for the higher commissions.

Many experts recommend opening accounts with both a full-service broker and a discount or deep-discount broker. Use the full-service broker to gain access to comprehensive information and to execute trades which require more maintenance.

EXAMPLE

Very short-term trades that are based upon taking advantage of daily or hourly market trends). Use the discount or deep-discount broker for less complicated trades that you feel comfortable monitoring.

WHAT NOW?

Once you've determined the kind of brokerage that best suits your investment needs, it's time to pick the brokerage house and broker with whom you want to work.

1 Get recommendations from friends or associates who do the kind of trading you're interested in.

If you know someone who is successfully doing the kind of trading you are interested in, find out which firm(s) they use and if they're happy with the service they receive.

2 Call several brokerage houses (including the ones mentioned) and gather basic information.

If this is the first time you've ever evaluated a broker, you may wish to contact representatives of full-service, discount, and deep-discount brokerage firms. This will give you a baseline to use in making your final selection. Most brokerages are happy to send you brochures and information about their services and commissions.

3 Compare reputation, services, costs, and fees.

- **Evaluate the brokerage in terms of safety.** The larger and more well-known the firm, the better. Is this brokerage part of one of the national firms like Merrill Lynch, Charles Schwab, etc.? Has the firm been in business for several years? Does it have a good reputation in your community?
- **Evaluate the amount and quality of information available through the broker.** What kind of research do they have access to? Does the brokerage have a *Bloomberg* news machine to receive the latest financial and business news? Do they have *Standard & Poor's* reports available for their clients' use? Do they have a network of reliable and accurate stock analysts? What type of news retrieval service do they have on their computer terminals? The quality, amount, and speed of information can be critical for taking advantage of many types of trades.
- **Make sure you're clear on the different types of accounts available** through each brokerage, and the services offered as part of each account.

WHAT NOW?

3

continued

- **Evaluate the costs per trade for both stocks and options.** Make sure you're comparing apples to apples: use one stock trade and one option to assess what each brokerage charges for that particular transaction. For example, what does Brokerage X charge to buy or sell 500 shares of a $10 stock? What do they charge to sell 10 option contracts at $5 per contract? Then compare these numbers with what Brokerage Y charges.
- **Check the annual or administrative fees on accounts.** Many companies charge a minimum annual fee on an account. (NOTE: Most of the time, active accounts aren't charged these annual fees or the fees are waived based upon the level of activity. However, if you also maintain a money market account at the brokerage, you may be charged an administrative fee on the money market account.)

Many firms also can charge an administrative fee or a postage fee for sending you a confirmation of your trade. **That fee is on top of the commission! So you need to know all the fees you will be charged for trading with this particular brokerage.**

4 Once you've selected a brokerage, or narrowed your search down to one or two that offer equivalent services and costs, choose the person who will handle your account.

Unless you have a recommendation from a friend or associate for a particular broker, you're going to need to evaluate the person who will be actually handling your account.

- Once you've chosen the brokerage based upon the criteria in #3, call the local office and ask for the branch manager. Introduce yourself and tell him or her a little bit about your investor profile.
- With your investor profile information, the branch manager will refer you to one or two names. If possible, make appointments to meet with these people after trading hours.

IF YOU'RE A BUY & HOLD INVESTOR

"I'm interested in investing for the long-term in growth stocks, and I'm looking for a 100% return over a five-year period. I plan to invest steadily, but don't plan to do a lot of selling or short-term profit-taking. I need someone who will stick with me for the long-term, and keep me informed about growth stock opportunities."

IF YOU'RE A MOMENTUM TRADER

"While I like to do a lot of different types of trading, I focus on options trading, primarily covered calls. I look for low-price stocks that I can capitalize on with small movements. I'm an active trader, and my investment objective is speculation."

WHAT NOW?

5 Evaluate your potential broker based upon background, commitment, and savvy.

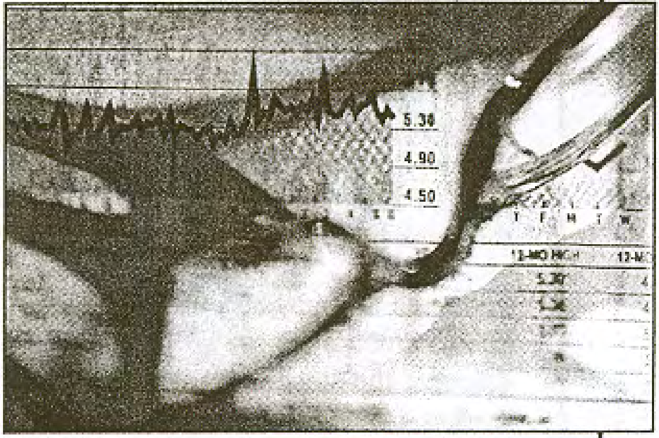
1) **Find out a little about this person's educational and work background.** Do the have related experience in the financial services industry? Many great people may only have been brokers for a short time, but have extensive backgrounds either in trading stocks for themselves or in other aspects of business or finances.
2) **Find out how long they have been a broker.** Many more experienced brokers may already have a full list of clients, and not be interested in taking anyone new, especially if you're a small investor ($5,000 or less). In addition, many brokers do not like to trade options because the commissions are much smaller. Therefore, you may need to work with a newer broker. Look for someone who has been a broker for at least a year, preferably two years.
3) **Very important: You want a broker with a background in the kind of trading you want to do.** Is s/he familiar with strategies you want to use? Does s/he trade in his own account using the strategies you want to use? If you want to use the firm's research to build a good strong stock portfolio so you can write covered calls, has this broker ever done any covered calls? Ask what were the broker's latest recommendations to other clients using a particular strategy. Get a list of the stocks, and check to see if the trades were profitable. You want someone that already knows the type of trades you want to make; you don't want to pay to be part of your broker's learning curve!
4) **Assess how eager and market savvy the broker is.** Are they in the office before the market opens? (On the West Coast, this can mean arriving at the office by 6:00 a.m.) Are they up to date on the latest information and research about the kinds of stocks you want to trade? Do they study and research the market? Are they actively trading on their own? Ideally, you're looking for someone who loves their job, has a feel for the market, is savvy about trends and opportunities, and who exercises common sense when it comes to riding the ups and downs of Wall Street.
5) **Finally, what kind of rapport do you have with this individual?** Do you get along? Will this broker appreciate your business, and be a partner with you in creating your financial future? Is this someone with whom you will enjoy developing a long-term relationship, and possibly a friendship?

Ultimately, it's to your advantage as well as the broker's to nurture a good relationship. Your broker will be more likely to pass along information which s/he feels will benefit you; and you will be more likely to refer others to them as clients.

6 Now you're ready to set up your accounts, deposit your capital, and start investing!

NOTES

HOW TO READ THE STOCK PAGES



As we move closer and closer to 24 hour trading, it will become much more difficult to decipher yesterday's price of a stock. The stock exchanges still have an opening bell, which rings at 9:30 A.M. and the closing bell rings at 4:00 P.M. Eastern Time. Even though extended hours trading will take place after that on many stocks, the price at the closing bell will be the price quoted as the last trade, called the closing price. When investors turn to the business section and scan those pages and pages of tiny numbers, what are they really looking at? Here is an example of how those numbers may be arranged:

52-Week High-Low	Stock	Div	Yld %	P/E	Sales	High	Low	Last	Chg
47.87 26.00	DISNEY	.19	.70	48.16	89943	27.50	26.06	26.97	-.41

There is a lot of information in this little space. Starting from the left, here is what it all means:

52-Week High/Low – You will see two numbers here. The first is the highest price paid for the stock in the past 52 weeks and the second is the lowest price paid during the same time period and is represented in dollars per share.

The next space is for the stock name. In cases where the name of the company is too long, it will be abbreviated so when looking for a particular stock, always look for it alphabetically, even though it may not appear so. For example, Bristol Myer Squibb, abbreviated as BrMySq will be listed between Brinkers and BritAir.

The four columns at the right, 'High', 'Low', 'Last', and 'Chg', all offer a recap of the price movement for the previous day. They represent the highest, lowest, and last price as well as how much the price changed from the previous day's closing price and the closing price on the trading day prior to that.

The four columns in the middle require a little more explanation. The column to the right of the word 'Stock' is 'Div', which stand for Dividend. This is the total amount the company has paid out to their shareholders over the past 4 quarters.

The column next to that, 'Yld%', is the percentage of the last price that is being paid out in dividends. In this example, since the dividend is $.19 and the last price yesterday was $26.97, the 'Yld%' is .70%.

To the right of 'Yld%' is 'PE', which stands for the Price to Earnings Ratio. This is a calculation that tells you how many times the annual earnings the stock is trading for. In this case, Disney earned $.56 in the previous 4 quarters. To calculate the Price to Earnings Ratio, take the stock price of $26.97 and divide it by the earnings of $.56. This calculated the PE at 48.16. This means the stock price is over 48 times greater than the previous year's earnings.

Although this may be a useless number by itself, it allows investors to see how much of a premium or discount the stock is trading based on the overall market, other stocks in it's industry and the price of that individual stock in the past. If the overall market had a PE ratio of 30, Time Warner had a PE of 35 and Disney usually has a PE of 25 to 35, you could assume that Disney is overvalued with a PE of 48.

The last column to discuss is 'Sales', which represents the number of shares traded the previous day and is usually missing the last two digits. In this case, 89943 means 8,994,300 shares traded.

There could be additional information contained in one publication versus another. With a clear understanding of the basic information, the stock pages will not look nearly so confusing.

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

HOW TO PLACE AN ORDER

Knowing and using the correct language when buying and selling stocks and options will help you communicate your desires clearly to your broker. Below are some suggested steps and dialogues to use when placing orders with your broker.

TYPES OF ORDERS

1. A MARKET ORDER

You authorize your broker to buy the stock at the current market price, whatever that price may be when your trade is executed. This price may differ a little or a lot from the prices you are quoted when initially inquiring about financial information on the stock.

Use market orders when you are not as concerned with price, and just want to purchase the stock.

2. A LIMIT ORDER

You authorize your broker to buy the stock at a particular price or lower. If the stock is above your authorized price, even by as little as 1/8, the trade will not be executed.

Good Until Canceled (GTC):

If you tell the broker you want to put in a limit order—good till canceled—you authorize your broker to buy the stock at a particular price or lower. Today or any time in the future the stock is selling at that particular price, the broker will buy the number of shares you want. This strategy can be especially effective if the price of the stock fluctuates over the course of several days, and you really want to pay only a certain price or less for the stock.

3. A STOP LOSS ORDER

If you're a trader (buying and selling a lot of stocks and making your money on quick variations in the market), you may want to put in a stop loss order when you buy a stock. A stop loss order is designed to ensure that you don't lose a lot of money should the stock drop precipitously within a few days.

A **Limit Order** is an aggressive, offensive strategy.
A **Stop Loss Order** is a defensive strategy.

BUYING A STOCK

1	**Call your broker.**	*You:*	*"I'm interested in adding 500 shares of AT&T to my portfolio."*
2	**Tell your broker the stock you're interested in.**	*You:* *Broker:*	*"What's the quote?"* *"61 by 61-1/2."*
3	**Get the current financial information on the stock**—i.e., the quote (the current bid and ask), the range the stock has been trading in today, and when the company pays its dividends.	*You:* *Broker:* *You:* *Broker:*	*"What's the high and low for AT&T to day?"* *"The low was 60-7/8. The high was 61-1/2."* *"When does AT&T pay its dividend?"* *"It pays its dividends November 1, and you have to be the owner of record by September 24.*
4	**Place your order to buy.** A market order or a limit order.	*You:* *You:*	*"Buy me 500 shares of AT&T at the market."* *"I think AT&T may go a little lower today. Let's put in a limit order for today for 500 shares of AT&T at 61-1/4."*
5	**Always place your stop loss order.**	*You:*	*"I'd like to put in a limit order to buy 500 shares of AT&T at 61-1/4, and put in a stop loss order to sell if it hits 55-1/4."*

NOTE

The broker should call by the end of the day to confirm your order.

SELLING A STOCK

1 **Call your broker.**	*You:*	*"Remember that 500 shares of Coca-Cola I bought at 60-1/2 two months ago? I see that it's trading at 68 now, and I think I'd like to sell it and reinvest my profits."*
2 **Tell your broker the stock you're interested in selling.**	*You:* *Broker:*	*"What's the quote on Coca-Cola?"* *"68 by 68-1/4."*
3 **Get the current financial information on the stock**—the quote (current bid and ask) and the range the stock has been trading in today.	*You:* *Broker:*	*"What's the high and low for Coca-Cola today?"* *"The low was 67-7/8. The high was 68-1/2."*
4 **Place your order to sell.** A market order or a limit order	*You:* *You:*	*"I need the cash (or I want to get out of the stock right now). Go ahead and sell the 500 shares of Coca-Cola at the market."* *"Okay, it's at 68 by 68-1/4. Let's see if we can squeeze another 1/8 out of there. Put in an order to sell 500 shares of Coca-Cola at 68-1/8. See if we can sell it in the spread."*

Buying & Selling Options

An option is the right (not the obligation) to buy or sell a certain stock at a set price for a certain period of time. Therefore, when you buy or sell an option you need to know the following:

1. **The month in which the option will expire. The last trading day is the third Friday of the month.**

2. **The set price at which you are agreeing to buy or sell the stock (the strike price).**

3. **The cost of the option itself (how much you are buying or selling the option for). That's called the premium.**

Options Come in Two Forms: Calls & Puts

Calls

You are buying or selling the right to **buy** a certain stock at a particular strike price.

Puts

You are buying or selling the right to **sell** a certain stock at a particular strike price.

* *When you buy or sell options, you do so in lots of 100 shares. Each 100-share lot equals one (1) contract. For example, if you want to buy or sell the options on 500 shares, you would be buying or selling five contracts.*

NOTE

Tony does not buy options to exercise them.
He buys options to resell them and make a profit.

BUYING A CALL

1 **Call your broker** and tell him/her the stock that you're interested in buying a call on.	*You:*	*"I see Intel has just announced a brand new chip. Intel is trading at $19 right now, but I think their stock is going to do great in the next month or so. I'd like to see about buying a call on Intel."*
2 **Get the current financial information on the stock**—i.e., the cycle of the option, the strike price (your choice), and the quote (bid and ask) for that month's call at that month's strike price.	*You:*	*"Intel is selling right now for 19. What are the September 20 and September 22.50 calls?"*
	Broker:	*"The September 20s are at 1-1/2 by 1-5/8; the September 22.50s are at 3/4."*
3 **Place your order to buy.** A market order or	*You:*	*"Buy five contracts of the Intel September 22.50 calls at the market."*
a limit order	*You:*	*"Buy five contracts of the Intel September 22.50 calls for $1.00."*
4 With an option, **use a mental stop loss.**	*You:*	*"Let's place a mental stop loss at 1/2."*
5 Either **sell the call** to someone else, or **exercise your option to buy the stock** at or before the expiration date.	*You:*	*"I see that those Intel September 22.50 calls I bought are now selling for 3 by 3-1/4. I'd like you to sell all five contracts at 3."*

You buy a call when you think the price of a stock will rise before the option expires.

REMEMBER

GET THE CURRENT QUOTE INFO!

Phrase your question like this:

"What is the quote on the (stock) (month) (strike price) calls (or puts)?"

BUYING A PUT

1 **Call your broker** and tell him/her the stock on which you're interested in buying a call.	You:	*"I see Zenith is trading at around 18 for the last few days. I hear today that they announced a steep earnings drop for last quarter. I also know that there's a hot new line of TVs and VCRs coming out of Sony that will take some of Zenith's market share. I think Zenith is going to drop to at least 10 in the next few weeks, so I'd like to see about buying a put on Zenith."*
2 **Get the current financial information** on the stock.	You:	*"Zenith is selling right now for 18. What are the September 17.50 and the September 15 puts?"*
	Broker:	*"The September 17.50 puts are at 1 1/8 by 1-1/4, the September 15 puts are at 3/4 by 1."*
3 **Place your order to buy.** A market order	You:	*"Buy five contracts of the Zenith September 17.50 puts at the market."*
or a limit order	You:	*"Buy five contracts of the Zenith September 17.50 puts for 1-1/4."*
4 With an option, **use a mental stop loss.**	You:	*"Let's place a mental stop loss at 5/8."*
5 Either **sell the put** to someone else, or **exercise your option to buy the stock** at or before the expiration date.	You:	*"I see that Zenith stock is down to 15-1/2, and the Zenith September 17.50 puts I bought are now selling for 3 by 3-1/4 ($2.00 intrinsic value, $1.00 time value). I'd like you to sell all five contracts at 3."*

REMEMBER

You buy a put when you think the price will drop significantly before the option expires.

SELLING A CALL
(AKA: WRITING A COVERED CALL)

1 **Call your broker** and tell him/her the stock on which you're interested in buying a call.	*You:*	*"I have 500 shares of McDonald's that I bought a few months ago at 35. Now the stock is selling at around 39 to 41. I don't really want to sell the stock, but I'd like to make a little money on it. I'd like to write a covered call on my McDonald's stock."*
2 **Get the current financial information** on the stock.	*You:*	*"What are the McDonald September 40 calls and the September 45 calls?"*
	Broker:	*"The September 40 calls are at 1-1/2 by 1-3/4. The September 45 calls are at 3/4 by 1."*
3 **Place your order to buy.** A market order or a limit order	*You:*	*"I want to write a covered call for five contracts of the McDonald's September 40s at the market."*
4 **Wait to see if the option is exercised.** If not, write another covered call for the next month.	*You:*	*"Sell five contracts of the McDonald's September 40 calls for 1-1/2."*

BUY-WRITE WITH A NET DEBIT

A buy-write with a net debit is a version of a covered call in which you are buying the stock and selling the option on the stock at the same time. The advantage to the buy-write with a net debit is you get a little better execution—that is, you can make more money on the deal because the whole execution is done as one trade by a computer as opposed to two trades on two different markets.

1 Call your broker and tell him/her you want to do a buy-write with a net debit.

You: *"I've been watching ABC company and I think they're a great candidate for a covered call. I don't currently own any of the stock, so I want to do a buy-write with a net debit."*

2 Get the current financial information on the stock.

You: *"What's ABC selling for?"*
Broker: *"Right now it's at 19-3/4 by 20."*
You: *"What are the ABC September 22.50 calls?"*
Broker: *"The September 22.50s are at 2 by 2-1/4."*

3 Tell your broker how you want to structure the buy-write with net debit.

a. Place your order to buy the stock at the offer price and simultaneously sell the call on that stock at the ask side of the option price (thereby gaining a little more profit). You can do this because you're doing both deals at once.
b. Subtract the amount you will be paid for the option (income) from the price of the stock. The remaining price is your net debit—the price you will actually pay to purchase the stock.

You: *"I want to do a buy-write with a net debit. I want to write five contracts of ABC September 22.50 calls with a net debit of 17-3/4."*

NOTE

A buy-write with a net debit is by nature a limit order, since you will be telling your broker at what price you want to buy the stock and sell the call.

4 Wait to see if the option is exercised. If not, write another covered call for the next month.

SELLING A PUT

1 **Call your broker** and tell him/her you want to sell a put.

You: *"I've been watching Xerox, and I think their strong earnings report looks good and that the stock will go up. I would like to own the stock first, so I want to sell a put so I can purchase it at a lower cost basis if the stock is put to me."*

2 **Get the current quote information** on the put.

You: *"Today the stock is at 42. What are the Xerox September 45's and the September 40s?"*

Broker: *"The September 40's are at 3/4 by 1, the September 45s are at 3-1/2 by 3-3/4."*

3 **Place your order** to buy.
A market order or
a limit order:

You: *"I want to sell five contracts of the Xerox September 40 puts at the market."*

4 **Wait to see if the option is exercised.** If you are exercised, you must purchase the stock at $45. Remember, however, that your effective cost basis would be $39 1/4 ($40 less $0.75 premium) on the market order and $4 1/2 ($45 less $3 1/2 premium) on the limit order.

You: *"Sell five contracts of the Xerox September 45 puts for 3-1/2."*

NOTE

You want to sell when you think the price of the stock will be going up.

REMEMBER

You don't actually have to own the stock in order to sell a put on it!

DIVIDEND CAPTURING

1 Call your broker and tell him/her the stock you are interested in.	*You:*	*"I am looking for the dividend on XYZ stock."*
2 Get the current financial information on the stock, i.e., quote (bid and ask). Verify the dividend amount and date.	*You:* *Broker:* *You:* *Broker:*	*"What is the current quote?"* *"18 by 18-1/8."* *"Is the dividend still 52 cents?"* *"Yes, and it goes ex-dividend tomorrow."*
3 Place your order to buy.	*You:*	*"Buy me 1000 shares of XYZ stock at the market price."*
4 Place your exit strategy.	*You:*	*"Place a limit order to sell at 18-1/8 tomorrow and place a protective stop at 17."*

HOW TO CALCULATE YOUR RETURN

1. CASH RETURN

To calculate the cash return, follow these three easy steps.

1. Begin by determining your total cost: the purchase price plus the commission you paid to buy the stock.
2. Then, determine your total cash received from the sale: the price you sold the stock for minus the commission you paid when you sold it.
3. Finally, subtract your total costs from your total profit to get your total cash return.

EXAMPLE

1. TOTAL COST TO PURCHASE STOCK

If you buy 100 shares of IBM at $150 per share	= $15,000
Add the commission you paid of $50	= $15,050

2. TOTAL CASH RECEIVED FROM SALE

15 trading days later, you sell 100 shares at $155 per share	= $15,500
Subtract the commission you paid of $50	= $15,450

3. TOTAL CASH RETURN

Thus: $15,450 (your profit) minus $15,050 (your cost)	= $ 400 total cash return

2. PERCENTAGE RETURN

1. Divide the dollar amount of your profit ($400) by the total amount you invested ($15,050) $400/$15,050 = 2.66%

$$15{,}050\,\overline{)\,400}\quad \mathbf{2.6\%}$$

2. If you made your investment on margin (i.e., you paid $7,525 and $7,525 was on margin), divide your profit ($400) by the amount you actually invested ($7,775). $400/$7,525 = 5.324%

$$7{,}525\,\overline{)\,400}\quad \mathbf{5.32\%}$$

3. ANNUALIZED RETURN (NOT COMPOUNDED)

1. Divide the total number of trading days per year (255) by the number of days you held the stock (15). Multiply this by your percentage return (2.66%). 255/15 x 2.66% = return on cash of 45.22%

2. If you made half your investment on margin, simply replace your margin percentage return (5.32%) into the formula. 255/15 x 5.32 = return on margin of 90.44%

NOTES

WATCH LIST OVERVIEW—OPTIONS

FOR: ______________________________

Company's Name	Stock Symbol	Why watch it?	Current stock price/premium	Yesterday's open/close	Yesterday's high/low	Week's high/low	Month's high/low	Best price to buy
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								

COVERED CALL—Stock Overview

Stock Name: ______ Stock Symbol: ______ Option Call Letters: ______ Firm: ______ Account #: ______

Current Stock Price: ______ HIGH: ______ LOW: ______
YEAR's HIGH: ______ LOW: ______

Date of split announcement: ______ Date of Split: ______
% of Company owned by Management: ______
S & P Rating: ______ Industry Ranking: ______
Revenues: ______ Debt Ratio: ______ Beta: ______
Timeliness: ______ Safety: ______
Institutions: ______ Est. Price Appreciation: ______
P/E Ratio: ______ Avg. P/E last 5 yrs: ______ Avg. P/E Industry: ______

Sales increase last 3 years? Year 1 ______ Year 2 ______ Year 3 ______
Projected 5-Yr Sales: Year 1 ______ Year 2 ______ Year 3 ______ Year 4 ______ Year 5 ______
Earnings increase last 3 years? Year 1 ______ Year 2 ______ Year 3 ______
Projected 5-Yr Earnings: Year 1 ______ Year 2 ______ Year 3 ______ Year 4 ______ Year 5 ______
Earnings Per Share last 3 years: Year 1 ______ Year 2 ______ Year 3 ______
Projected 5-Yr EPS: Year 1 ______ Year 2 ______ Year 3 ______ Year 4 ______ Year 5 ______
Zoning: ______ BUY ______ HOLD ______ SELL

STEP ONE: BUY the stock on weakness / STEP TWO: SELL THE OPTIONS ON STRENGTH

	Company Name	Date	# Shares	Date of Purchase	Purchase Price Per Share	$ Invested	$ on Margin	Sell Stop Established	Date	# Options Sold/ Company	Month of Expiration/ Strike Price	Total Premium Received	ROI	Time Period of Play	Commis-sions
1												CG:	CG:		
2												CG:	CG:		
3												CG:	CG:		
4												CG:	CG:		

Defense is everything—Exit/Defense analysis

1. What is your actual cost per share? ______
   New Average (if additional stocks purchased): ______
2. What is the range over which this stock has fluctuated in the last:

	WEEK	2 WEEKS	MONTH	90 DAYS	6 - 12 MONTHS
WHY?					

3. What is this company's greatest strength? ______
4. What is this company's greatest weakness? What factors could cause the profitability of the company to decline or the price of the stock to drop?
   a. Cyclical? b. Interest rates? c. Industry cyclical based on calendar? Based on economy? ______
5. Who are its major customers and/or suppliers? ______

I. What is the maximum risk (i.e., maximum $) that you can and are willing to risk losing on this investment? ______
II. What signals caution (yellow light)? ______
What signals red (stop current direction and get out)? ______
HINT: Stock price? Earnings announcements? Interest rates? Other?
III. What is your strategy for covering your downside? (Buy "term insurance" even if it costs you part of your profitability.)
CHOICES:
- Buy back your call at a lower price and maintain your profit.
- Hold the stock—if you liked it at 15, you'll love it at 10.

Covered Call Tracking Form

Stock Name: ______ Stock Symbol: ______ Option Call Letters: ______ Firm: ______ Account #: ______
Industry: ______
Date: ______ Time: ______
Current Price: ______ HIGH: ______ LOW: ______
YEAR's HIGH: ______ LOW: ______

Date of Split Announcement: ______
Date of Split: ______
Zoning: ______ ______ ______
BUY HOLD SELL

Sell the option on strength (look for the "up-tick")

	Date	Time	Current Stock Price	Open/Close	Yesterday's High/Low	Month's/90-day High/Low	Available Options to Sell	Current Available Premiums	Premium Income (or Loss) Potential (# Shares x Premium)	Commission Cost to Sell	Net if Sold Today	Actions?
1				O: C:	H: L:							
2				O: C:	H: L:							
3				O: C:	H: L:							
4				O: C:	H: L:							
5				O: C:	H: L:							
6				O: C:	H: L:							

COVERED CALL BALANCE OF POWER

Date:____________

How did you do?

	# Shares	Company Name	Date of Purchase	Purchase Price of Stock	$ Invested	$ on Margin	Price Premium Sold Per Share	Premium Income	ROI*
1									
2									
3									
4									
5									

***To calculate ROI (Return on Investment):**

Divide the premium income by the dollars invested. For example,

$ Invested = $4,500
Premium Income = $1,500

$$\frac{\$4{,}500}{\$1{,}500} = 30\%$$

Or,

$$\$4{,}500\overline{)\$1{,}500}\ \ 30\%$$

Date:____________

ACTION PLAN

	Option Exp. Date	Stock Price on Exp. Date	# of Shares Called Out	# of Shares Still Owned	Current Premiums Available	Current Income Potential	Action Plan & Deadline
1							
2							
3							
4							

NOTES

NOTES

OPTIONS—STOCK OVERVIEW

Stock Name: ______ Stock Symbol: ______ Option Call Letters: ______ Firm: ______ Account #: ______

Industry: ______

Date: ______ Time: ______

Current Stock Price: ______ HIGH: ______ LOW: ______

YEAR's HIGH: ______ LOW: ______

S & P Rating: ______ Revenues: ______

Debt Ratio: ______ Beta: ______ Institutions?: ______

% of Company owned by Management: ______

Sales increase last 3 years? ______ Year 1 ______ Year 2 ______ Year 3

Earnings increase last 3 years? ______ Year 1 ______ Year 2 ______ Year 3

Earnings Per Share last 3 years? ______ Year 1 ______ Year 2 ______ Year 3

Date of Split/News Announcement: ______

Date of Split: ______

Daily Options Tracking Form—CALLS/PUTS

Date: ______

Company Name	Stock Symbol	News-Driven Announcement Dates	Current Stock Price	Yesterday's Open/Close	Yesterday's High/Low	Week's Open/Close	Week's High/Low	Month's High/Low	90-Day High/Low	52-Week High/Low	Defense Strategy? Exit? Target Price?
				O: C:	H: L:	O: C:	H: L:	H: L:	H: L:	H: L:	

$ Invested/ Naked?	Date/ Time	# Contracts	Month	Call or Put Strike Price	Price Purchased	Update: Date/Time	Update: Date/Time	Update: Date/Time	Desired Exit Current GTC	Projected Profit/Loss
1						Stck ___ ___ Optn ___ ___ Time: ___	Stck ___ ___ Optn ___ ___ Time: ___	Stck ___ ___ Optn ___ ___ Time: ___		
2						Stck ___ ___ Optn ___ ___ Time: ___	Stck ___ ___ Optn ___ ___ Time: ___	Stck ___ ___ Optn ___ ___ Time: ___		
3						Stck ___ ___ Optn ___ ___ Time: ___	Stck ___ ___ Optn ___ ___ Time: ___	Stck ___ ___ Optn ___ ___ Time: ___		

Defense Strategy If your premise is wrong, get out. Remember the 50% liquidation rule.

I. What is the maximum risk (i.e., maximum $) that you can and are willing to risk losing on this investment? ______

II. What signals caution (yellow light)? HINT: Stock price? Earnings announcements? Interest rates? Other? ______
What signals red (stop current direction and get out)? ______

III. What is your strategy for covering your downside? (Buy "term insurance" even if it costs you part of your profitability.)
CHOICES: • If the price drops, purchase additional options and lower your basis per share, thus increasing your opportunity for profitability
• Buy a put • Other? ______

IV. How can you maximize your profitability (e.g., Buy a call and sell a put simultaneously)? ______

RECAP:

Contracts: ______
Total Invested: ______
Total Commissions to buy: ______
Total Commissions to sell: ______
Profit/Loss: ______
ROI: ______

REMEMBER: *ONCE IN A LIFETIME OPPORTUNITIES*

Daily Options Tracking Form

Company Name	Stock Symbol	News-Driven Announcement Dates	Current Stock Price	Yesterday's Open/Close	Yesterday's: High/Low	Week's Open/Close	Week's High/Low	Month's High/Low	90-Day High/Low	52-Week High/Low	Defense Strategy? Exit? Target Price?
				O: C:	H: L:	O: C:	H: L:	H: L:	H: L:	H: L:	

$ Invested	Date/ Time	# Contracts	Month	Call or Put Strike Price	Price Purchased	Option Symbol	Update: Date/Time	Update: Date/Time	Update: Date/Time	Desired Exit Current GTC	Projected Profit/Loss
							Time: Stck Optn	Time: Stck Optn	Time: Stck Optn		
							Time: Stck Optn	Time: Stck Optn	Time: Stck Optn		

Company Name	Stock Symbol	News-Driven Announcement Dates	Current Stock Price	Yesterday's Open/Close	Yesterday's: High/Low	Week's Open/Close	Week's High/Low	Month's High/Low	90-Day High/Low	52-Week High/Low	Defense Strategy? Exit? Target Price?
				O: C:	H: L:	O: C:	H: L:	H: L:	H: L:	H: L:	

$ Invested	Date/ Time	# Contracts	Month	Call or Put Strike Price	Price Purchased	Option Symbol	Update: Date/Time	Update: Date/Time	Update: Date/Time	Desired Exit Current GTC	Projected Profit/Loss
							Time: Stck Optn	Time: Stck Optn	Time: Stck Optn		
							Time: Stck Optn	Time: Stck Optn	Time: Stck Optn		

Company Name	Stock Symbol	News-Driven Announcement Dates	Current Stock Price	Yesterday's Open/Close	Yesterday's: High/Low	Week's Open/Close	Week's High/Low	Month's High/Low	90-Day High/Low	52-Week High/Low	Defense Strategy? Exit? Target Price?
				O: C:	H: L:	O: C:	H: L:	H: L:	H: L:	H: L:	

$ Invested	Date/ Time	# Contracts	Month	Call or Put Strike Price	Price Purchased	Option Symbol	Update: Date/Time	Update: Date/Time	Update: Date/Time	Desired Exit Current GTC	Projected Profit/Loss
							Time: Stck Optn	Time: Stck Optn	Time: Stck Optn		
							Time: Stck Optn	Time: Stck Optn	Time: Stck Optn		

Options Balance of Power

Date:______________

What Worked?

	Company Name	# Contracts	Month	Call or Put Strike Price	Date / Price Purchased	Date / Price Sold	Period of Ownership: High / Low	Did you buy Wholesale?	ROI	Comm-issions	Profit
1							H: L:				
2							H: L:				
3							H: L:				
4							H: L:				
5							H: L:				

1. What did you learn?
2. What rules must you create in order to duplicate your success?
3. What actions must you take immediately to maximize the benefit from this experience?

TOTAL LOSS: $______________ ROI%______ COMMISSIONS: ______________

Date:______________

What Didn't Work?

	Company Name	# Contracts	Month	Call or Put Strike Price	Date / Price Purchased	Date / Price Sold	Period of Ownership: High / Low	Did you buy Wholesale?	ROI	Comm-issions	Profit
1							H: L:				
2							H: L:				
3							H: L:				
4							H: L:				
5							H: L:				

1. What did you learn?
2. What rules must you create in order to duplicate your success?
3. What actions must you take immediately to maximize the benefit from this experience?

Most Important Lessons:

TOTAL LOSS: $______________ ROI%______ COMMISSIONS: ______________

TOTAL PROFIT/LOSS:$ ROI% TOTAL COMMISSIONS:

NOTES

NAKED OPTIONS—STOCK OVERVIEW

Stock Name: ____________ Stock Symbol: ________ Option Call Letters: ____________ Firm: ____________ Account #: ____________

Industry: ____________

Date: ____________ Time: ____________

Current Stock Price: ________ HIGH: ______ LOW: ______

YEAR's HIGH: ______ LOW: ____________

S & P Rating: ____________ Revenues: ____________

Debt Ratio: ________ Beta: ________ Institutions?: ________

% of Company owned by Management: ____________

Sales increase last 3 years? ______ Year 1 ______ Year 2 ______ Year 3

Earnings increase last 3 years? ______ Year 1 ______ Year 2 ______ Year 3

Earnings Per Share last 3 years? ______ Year 1 ______ Year 2 ______ Year 3

Date of Split/News Announcement: ____________

Date of Split: ____________

Daily Options Tracking Form—CALLS/PUTS

Date: ____________

Company Name	Stock Symbol	News-Driven Announcement Dates	Current Stock Price	Yesterday's Open/Close	Yesterday's: High/Low	Week's Open/Close	Week's High/Low	Month's High/Low	90-Day High/Low	52-Week High/Low	Defense Strategy? Exit? Target Price?
				O: C:	H: L:	O: C:	H: L:	H: L:	H: L:	H: L:	

$ Invested/ Naked?	Date/ Time	# Contracts	Month	Call or Put Strike Price	Price Purchased	Exit Strategy: Support Level? Resistance Level? Stops?	Update: Cost to Buy Back	Update: Cost to Buy Back	Desired Exit Current GTC	Projected Profit/Loss
1							Date/Time: ______ Stck ______ ______ Optn ______ ______	Date/Time: ______ Stck ______ ______ Optn ______ ______		
2							Date/Time: ______ Stck ______ ______ Optn ______ ______	Date/Time: ______ Stck ______ ______ Optn ______ ______		
3							Date/Time: ______ Stck ______ ______ Optn ______ ______	Date/Time: ______ Stck ______ ______ Optn ______ ______		

Defense Strategy If your premise is wrong, get out. Remember the 50% liquidation rule.

I. What is the maximum risk (i.e., maximum $) that you can and are willing to risk losing on this investment? ____________

II. What signals caution (yellow light)? HINT: Stock price? Earnings announcements? Interest rates? Other? ____________

What signals red (stop current direction and get out)? ____________

III. What is your strategy for covering your downside? (Buy "term insurance" even if it costs you part of your profitability.)
CHOICES: • If the price drops, purchase additional options and lower your basis per share, thus increasing your opportunity for profitability
• Buy a put • Other? ____________

____

IV. How can you maximize your profitability (e.g., Buy a call and sell a put simultaneously)? ____________

RECAP:

Contracts: ____________
Total Invested: ____________
Total Commissions to buy: ________
Total Commissions to sell: ________
Profit/Loss: ____________
ROI: ____________

REMEMBER: *ONCE IN A LIFETIME OPPORTUNITIES COME*

Date:______________

DAILY NAKED OPTIONS TRACKING FORM

Company Name	Stock Symbol	News-Driven Announcement Dates	Current Stock Price	Yesterday's Open/Close	Yesterday's: High/Low	Week's Open/Close	Week's High/Low	Month's High/Low	90-Day High/Low	52-Week High/Low	Defense Strategy? Exit? Target Price?
				O: C:	H: L:	O: C:	H: L:	H: L:	H: L:	H: L:	

$ Invested	Date/ Time	# Contracts	Month	Call or Put Strike Price	Price Purchased	Option Symbol	Exit Strategy: Support/Resistance Level? Stops	Update: Cost to Buy Stock	Update: Cost to Buy Stock	Desired Exit Current GTC	Projected Profit/Loss
								Date/Time:______ Stck ____ ____ Optn____ ____	Date/Time:______ Stck ____ ____ Optn____ ____		
								Time:______ Stck ____ ____ Optn____ ____	Time:______ Stck ____ ____ Optn____ ____		

Company Name	Stock Symbol	News-Driven Announcement Dates	Current Stock Price	Yesterday's Open/Close	Yesterday's: High/Low	Week's Open/Close	Week's High/Low	Month's High/Low	90-Day High/Low	52-Week High/Low	Defense Strategy? Exit? Target Price?
				O: C:	H: L:	O: C:	H: L:	H: L:	H: L:	H: L:	

$ Invested	Date/ Time	# Contracts	Month	Call or Put Strike Price	Price Purchased	Option Symbol	Exit Strategy: Support/Resistance Level? Stops	Update: Cost to Buy Stock	Update: Cost to Buy Stock	Desired Exit Current GTC	Projected Profit/Loss
								Date/Time:______ Stck ____ ____ Optn____ ____	Date/Time:______ Stck ____ ____ Optn____ ____		
								Time:______ Stck ____ ____ Optn____ ____	Time:______ Stck ____ ____ Optn____ ____		

Company Name	Stock Symbol	News-Driven Announcement Dates	Current Stock Price	Yesterday's Open/Close	Yesterday's: High/Low	Week's Open/Close	Week's High/Low	Month's High/Low	90-Day High/Low	52-Week High/Low	Defense Strategy? Exit? Target Price?
				O: C:	H: L:	O: C:	H: L:	H: L:	H: L:	H: L:	

$ Invested	Date/ Time	# Contracts	Month	Call or Put Strike Price	Price Purchased	Option Symbol	Exit Strategy: Support/Resistance Level? Stops	Update: Cost to Buy Stock	Update: Cost to Buy Stock	Desired Exit Current GTC	Projected Profit/Loss
								Date/Time:______ Stck ____ ____ Optn____ ____	Date/Time:______ Stck ____ ____ Optn____ ____		
								Time:______ Stck ____ ____ Optn____ ____	Time:______ Stck ____ ____ Optn____ ____		

Naked Options Balance of Power

Date:________________

What Worked?

	Company Name	# Contracts	Month	Call or Put Strike Price	Date/Price Sold Naked	Date/Price Expires	Date Bought Back to Cover	Period of Ownership: High /Low	ROI	Comm-issions	Profit
1								H: L:			
2								H: L:			
3								H: L:			
4								H: L:			
5								H: L:			

1. What did you learn?
2. What rules must you create in order to duplicate your success?
3. What actions must you take immediately to maximize the benefit from this experience?

TOTAL LOSS: $______________ ROI%_____ COMMISSIONS: ____________

Date:________________

What Didn't Work?

	Company Name	# Contracts	Month	Call or Put Strike Price	Date/Price Sold Naked	Date/Price Expires	Date Bought Back to Cover	Period of Ownership: High /Low	ROI	Comm-issions	Profit
1								H: L:			
2								H: L:			
3								H: L:			
4								H: L:			
5								H: L:			

1. What did you learn?
2. What rules must you create in order to duplicate your success?
3. What actions must you take immediately to maximize the benefit from this experience?

Most Important Lessons:

TOTAL LOSS: $______________ ROI%_____ COMMISSIONS: ____________

TOTAL PROFIT/LOSS:$ ROI% TOTAL COMMISSIONS:

NOTES

THIS WEEK'S RESULTS

Date	When / # of Hours Trading	Profit or Loss for the Day	Types of Trades (Options, Covered Calls, Bottom Fishing, Channeling)	Cash Invested	ROI
TOTAL FOR THE WEEK:					

This Week's Results

Date	When / # of Hours Trading	Profit or Loss for the Day	Types of Trades (Options, Covered Calls, Bottom Fishing, Channeling)	Cash Invested	ROI
TOTAL FOR THE WEEK:					

HOW TO RESEARCH A COMPANY ON-LINE

There are many ways to research a company on-line—depending on how much money and time you have to spend in the process. Following are the basic steps involved in accessing information over the Internet.

1 Set up an account.
The first step is to get an internet service provider. Once an account is set up at one of these servers you can access the Internet, which is where the information is provided.

2 Log on and look up the information.
The next step is to find out what free information is available on the Internet by doing a net search. The best way to perform the net search is by using a search engine such as Hot Bot, Snap, Metacrawler, Magellan, Excite, Yahoo, Infoseek, or Lycos. These search engines allow you to type in the name of the company (or the industry) and they will bring up all of the different web sites that are associated with those words. If you are looking for additional information on research that has already been performed, there are many different on-line services that will give their opinions and ideas on different companies.

3 Access available information.
Following are a few examples of addresses that you can log on to and receive in formation about various companies:

www.jagnotes.com
www.csfbdirect.com
www.barrons.com
www.zacks.com
www.datek.com
www.briefing.com
www.wsrn.com

HOW TO RESEARCH A COMPANY ON-LINE

SET UP A FINANCIAL ACCOUNT ON AOL

1 **Sign on to AOL (America Online).**

2 **From main menu, click on Personal Finance.**

3 **Click on Stocks & Investing.**

4 **Click on PC Financial Network.**

5 **Click on Open Account.**

6 **Click on Apply On-Line.**

7 **Answer questions as they come up on the screen.**

HOW TO RESEARCH A COMPANY ON-LINE

ACCESS INFORMATION ON COMPANIES USING AOL

1 **Sign on to AOL (America Online).**

2 **From main menu, click on Personal Finance.**

3 **Click on Company Research.**

4 **Choose the category you are looking for—Stock Reports, Financial statements, Earnings, etc.**

5 **Type in symbol or stock name.**

HOW TO RESEARCH A COMPANY ON-LINE

IMMENSE POWER LIES IN THE REPOSITORIES OF THE INTERNET.

WHAT'S THE WEB?

A quick answer: The World Wide Web is a subset of the Internet consisting of pages linked by hypertext.

That definition calls for three more.

The Internet is not something you can see or touch. It has no physical presence. It is a collection of 50,000 computer networks in 90 countries. These networks share only a format for routing data from any computer attached to one of these networks to any other. Connections are made across phone lines. Home computers typically aren't part of these networks, but they can dial into one—thus reaching the entire Internet—through a service like American Online.

A web page is a publicly available computer file stored on a computer attached to the Internet. It may consist of text, sound, or graphics, and it can be a lot larger than a printed page. When you access a World Wide Web page, you ask your on-line service to fetch the file from wherever it's stored—perhaps on the far side of the globe. The page may contain hypertext links to other pages stored at other Web sites. Click on a link and you automatically fetch the other page.

You aren't necessarily connected directly to the web site from which you're trying to fetch an interesting page. **Think of your relation to that web site not as a two-way phone conversation, but as a mail-order operation. You make a request and get a digital package by return mail.**

Ideally, the turnaround is measured in seconds. On bad days it can take hours—partly because users are increasing the amount of traffic. But pre-Internet, the same information might have taken two weeks to reach you, assuming you could find it.

—DAVID CHURBUCK

FORBES • OCTOBER 23, 1995

WEALTH $ MASTERY

TOOLS

NOTES

TELECHART 2000®

TELECHART 2000®

a stock charting and data service that provides large, easy-to-read charts along with daily tips, hints, stories, and advice from buy candidates after each market close. TeleChart 2000® was designed to integrate high-speed charting, custom screening, toll-free data downloading, and daily stock tips into one simple software package. The software includes proprietary indicators that uncover hidden buying and selling such as...

MONEY STREAM

an analysis that calculates the relationships between price and volume and interprets the strength of the trend. For example, if the MoneyStream is stronger than the price pattern of a certain stock, this is a forecast of strength to come. This is bullish. If the MoneyStream is weaker than the price pattern, it is bearish. This analysis embodies an ability to detect changes in momentum and often serves as an invaluable timing aid. It is used in conjunction with another important indicator...

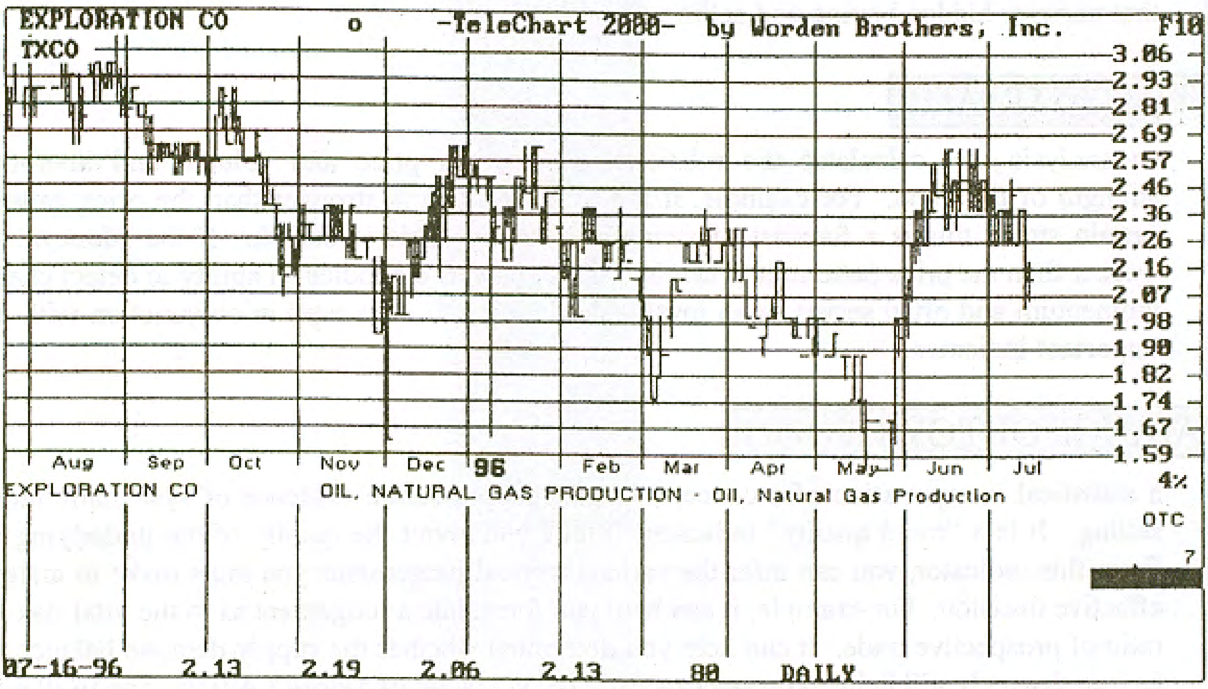
BALANCE OF POWER (BOP)

a statistical interpretation of a concept that ferrets out subtle evidence of systematic buying or selling. It is a "trend quality" indicator; it tells you about the quality of the underlying action. From this indicator, you can infer the various tactical judgements you must make to arrive at an effective decision. For example, it can help you formulate a judgement as to the vital risk-reward ratio of prospective trade. It can help you determine whether the supply-demand balance will be in your favor. It will help you spot changes in the character of a stock's action. The BOP will give you the volume and net change of a stock—so if your stock is up 1/2 a point for the day, you can compare it to where it has been in the past to indicate whether buying has been weak or strong.

Daily electronic reports help you read TeleChart 2000® charts by showing you how to interpret these indicators using actual buy candidates. **The following pages contain examples of TeleChart 2000® stock charts*.**

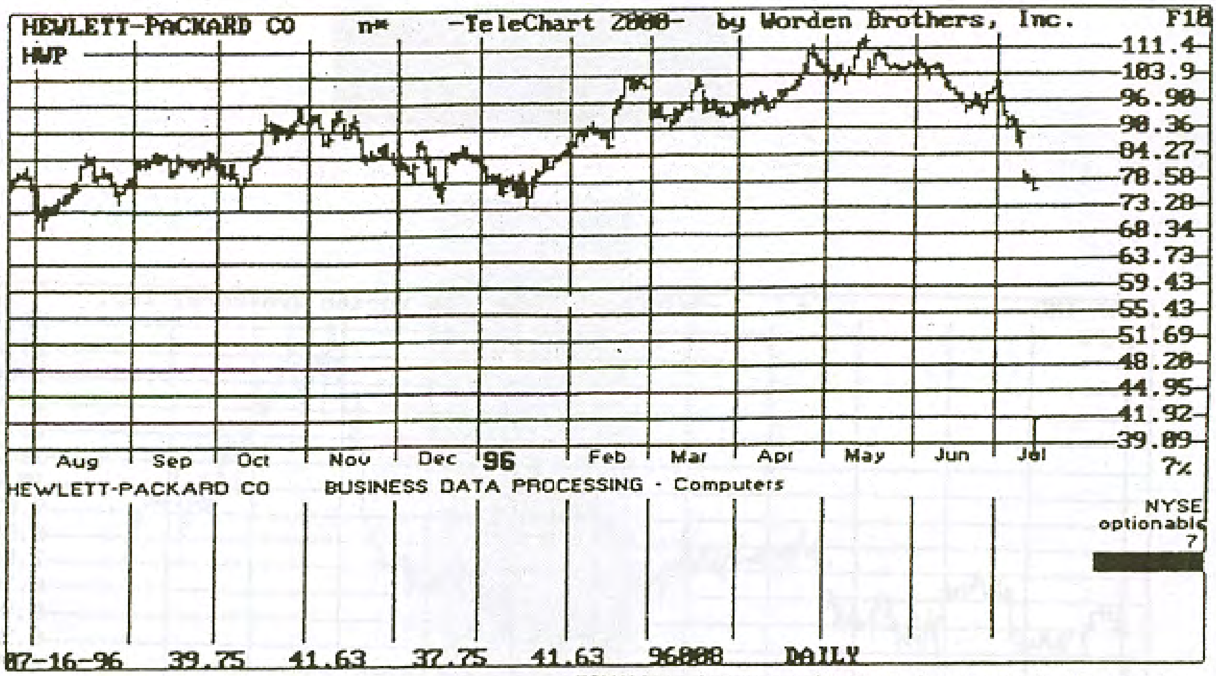
*Charts produced by TeleChart 2000 which is a registered trademark of Worden Brothers, Inc., Five Oaks Office Park, 4905 Pine Cone Drive, Durhan, NC 27707

EXPLORATION CO/TXCO



TC2000®.com chart courtesy of Worden Brothers, Inc. Reprinted by permission.

HEWLETT PACKARD CO.



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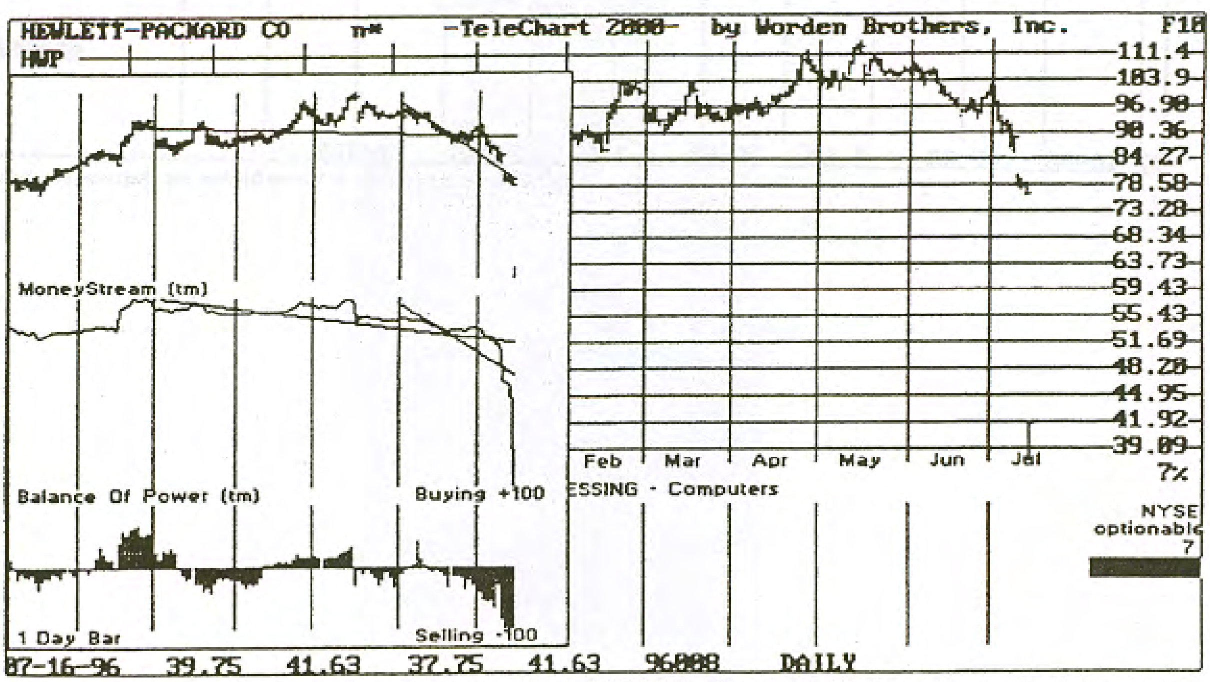
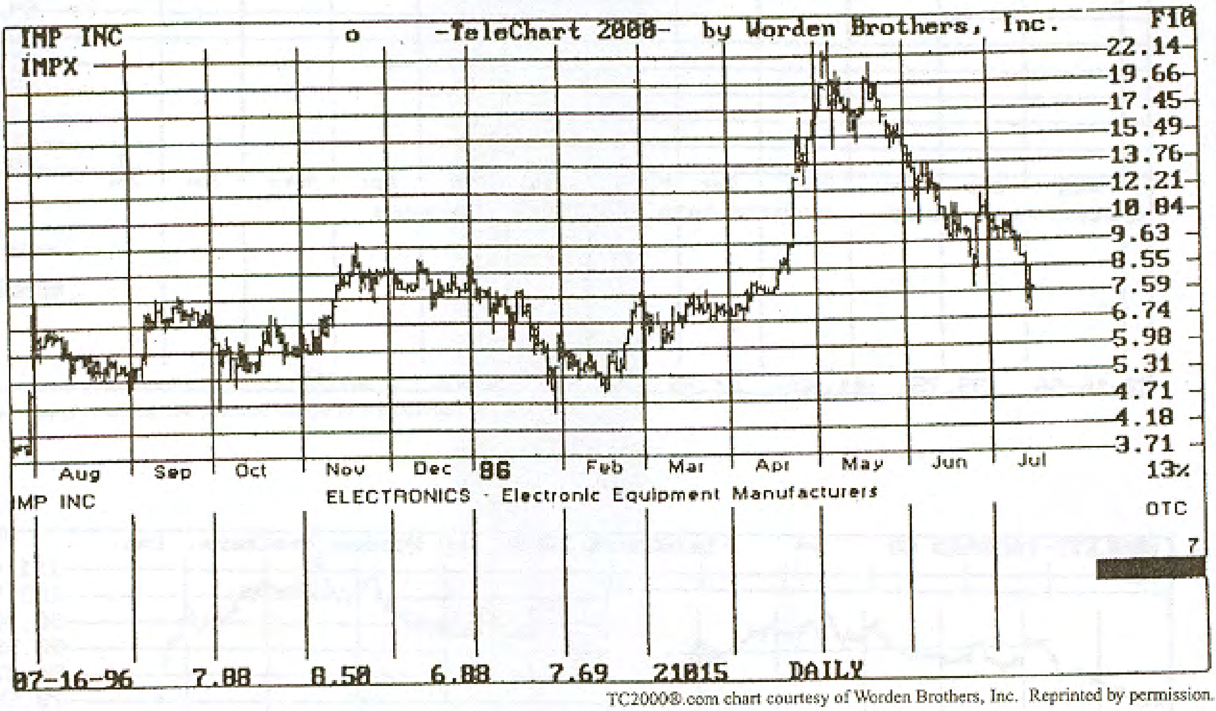


TC2000®.com chart courtesy of Worden Brothers, Inc. Reprinted by permission.

IMP, INC.



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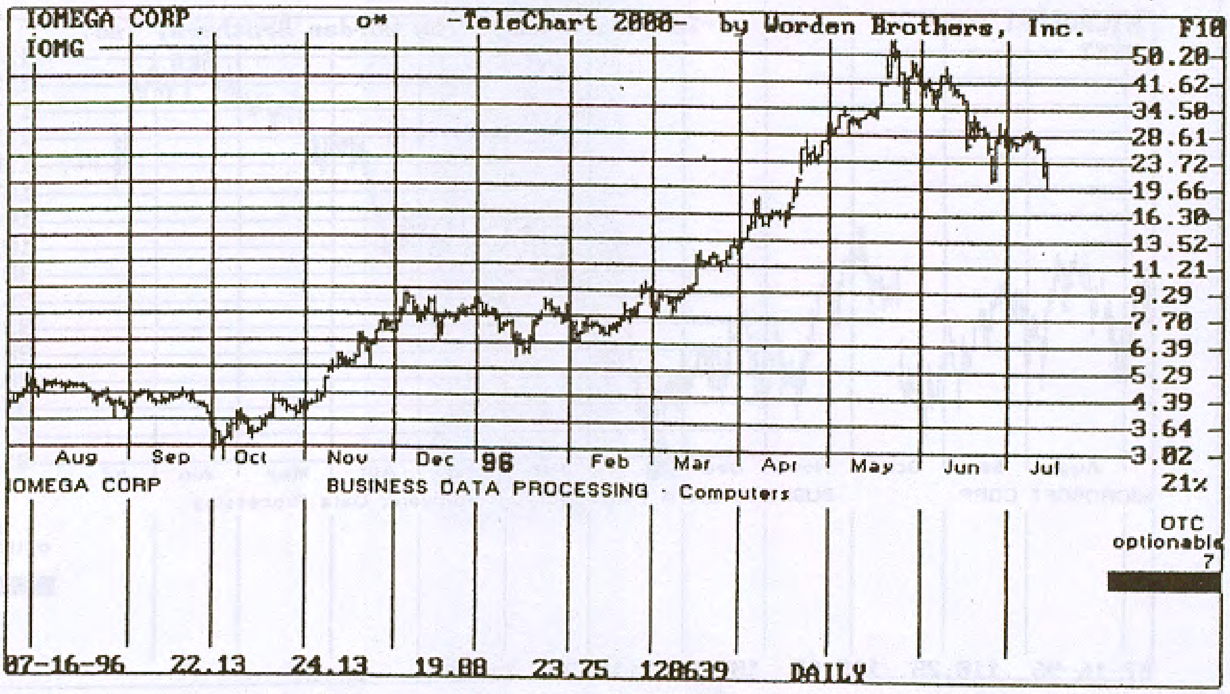
IOMEGA CORP.



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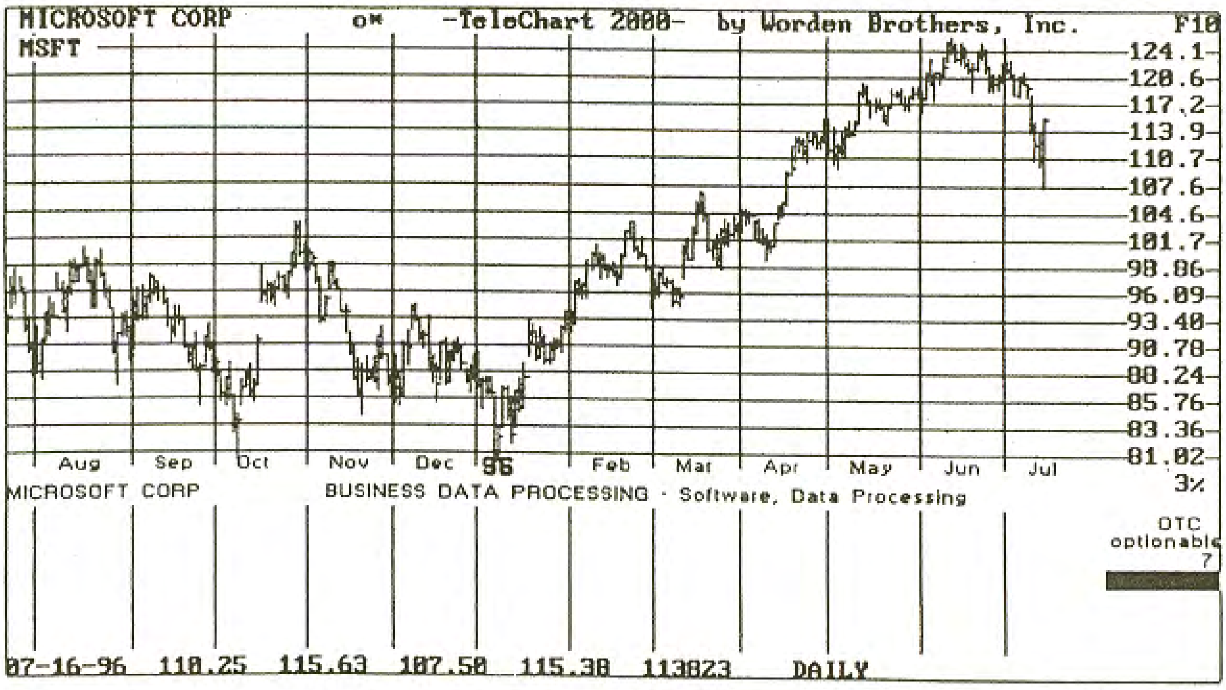
MICROSOFT CORP.



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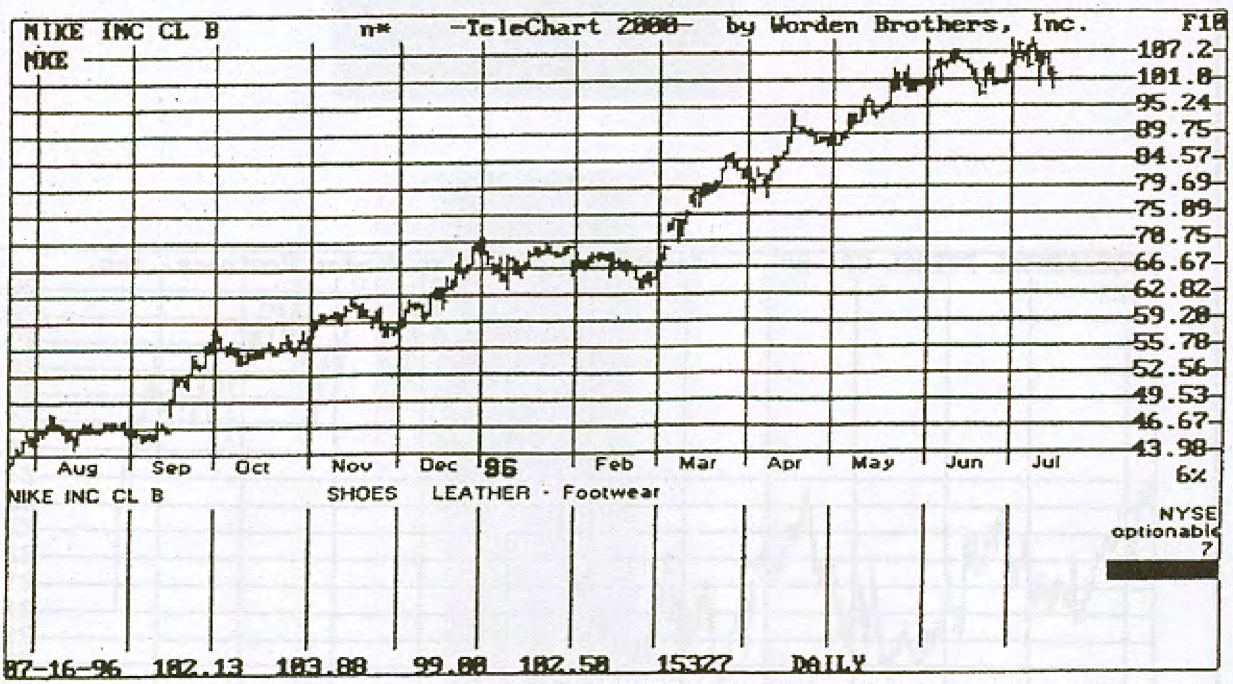
NIKE INC.



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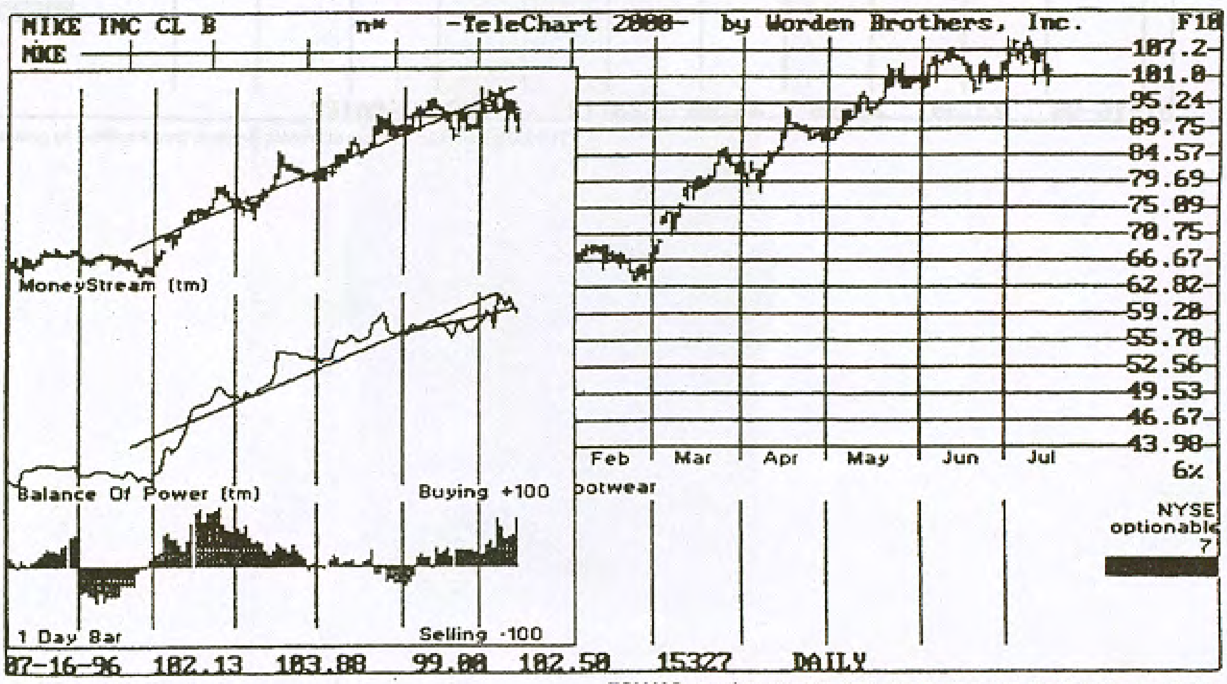

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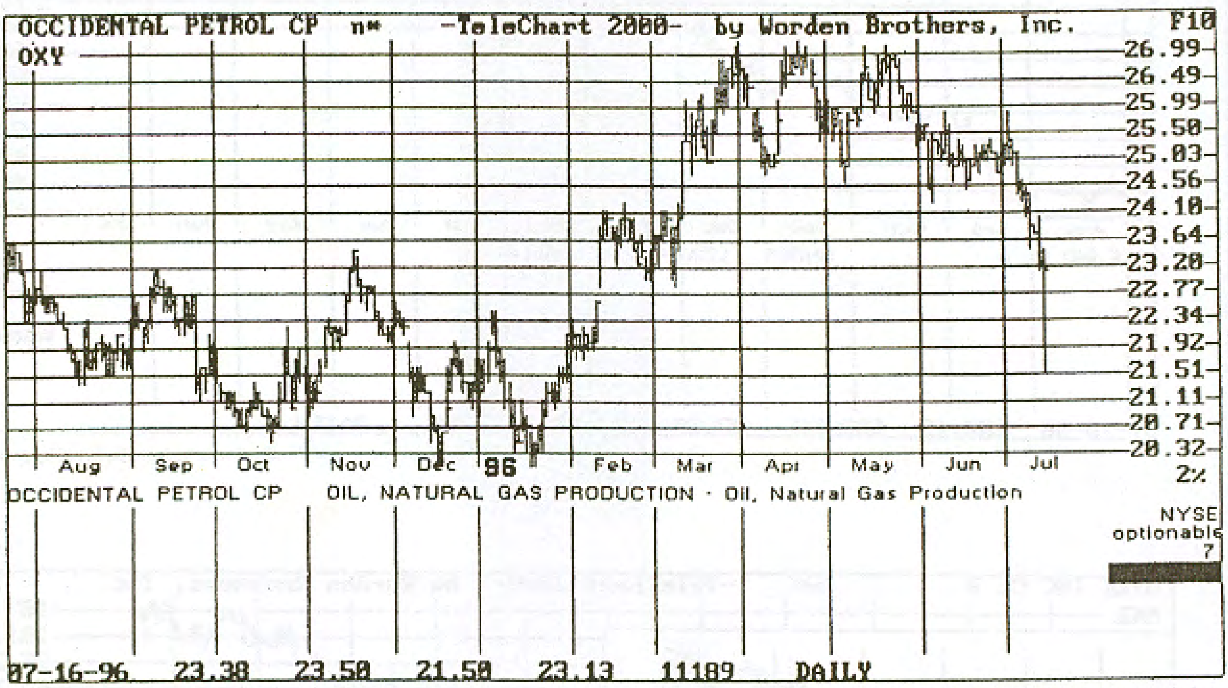
OCCIDENTAL PETROL



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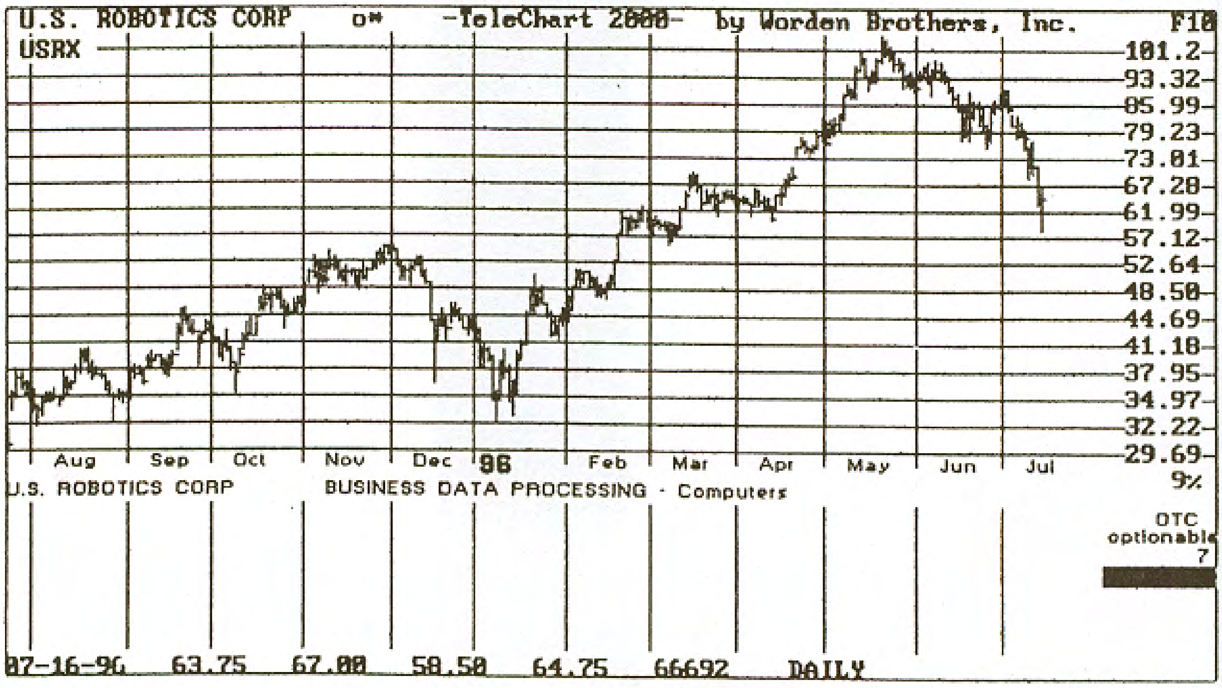
U.S. ROBOTICS CORP.



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NOTES

CHARTS

1 INTRODUCTION

As you review the pyramid of power for investing, you'll note that after you've set your goals and understand your asset allocation, the next thing you need is the tools to assist you in deciding if now is the time to buy, sell, hold, or ignore a particular investment opportunity.

1. A picture is worth 1,000______________.
2. Think of charts as giving you insight into the "personality" of the stock.

** Remember, however, personalities can change.*

2 TECHNICAL ANALYSIS

What is technical analysis?

The phrase, "technical analysis," itself, may sound too difficult or complex for those of us who consider ourselves to be "non-technical types." In reality, **it is just a question of learning how to look at charts.** You might say, "So what? I'm still in trouble." Let's make it even simpler. Technical analysis is really nothing more than the ability to notice patterns. And guess what? You're already great at this; you've been doing it your whole life.

For example, as a young child, you learned the patterns of tonality that your parents used when they were happy or unhappy. Your ability to detect these patterns probably became so refined that you could hear through the telephone or from behind a door a slight change in pitch, tone, or tempo, indicating if you were in trouble or if things were going to be great. That's an example of noticing an auditory pattern.

As learning machines, we are constantly identifying patterns. It is the secret to success in all aspects of life. A baseball player who is a professional is just better at pattern recognition than an amateur. In less than a second, a professional is able to identify the type of pitch, even when it's moving at 100 m.p.h. Michael Jordan failed at this—he was better at making identifications in basketball. So, seeing a pattern of price changes is what technical analysis is all about.

CHARTS

What can technical analysis do for you?

It will take some practice and some focus, but you'll find that technical analysis will give you a tremendous edge against those who just try to out-guess the market. It's not the be-all end-all, but it will give you a tremendous edge.

1 The Importance of Trend Lines

a. When looking at a chart, the most important thing is to establish the trend lines. **Trend lines are the most important tool in Chart (or Technical) Analysis.** By understanding the trend lines, you can improve your timing to **maximize your profits and/or minimize your losses.**

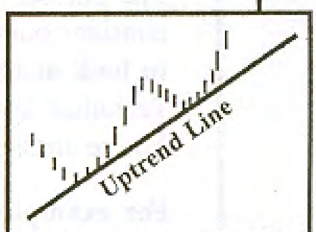
b. The good news is that trend lines are **easy to plot, not difficult to interpret, and are almost always reliable when confirmed.**

2 The Three Types of Trend Lines

Once a trendline is formed, the stock will probably move along that line. Even when there is a breakaway, there's a tendency for the stock to return to its established pattern.

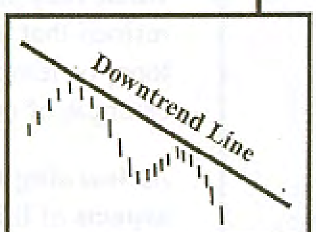
a. Up Trendline

Uptrends are formed by using a ruler and pencil to draw a straight line **connecting the last two or three low prices.** This establishes a base and becomes the support level to provide a frame of reference for buying an up stock and selling a down one. ***For profits in and bull markets, look for up trendlines.***

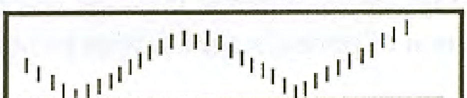


b. Down Trendline

Downtrends are the opposite of uptrends. They are drawn by **connecting the last two or three tops.** Since they show a down pattern, they show stocks which should be bought for short sales only. ***For profits in bear markets, look for down trendlines.***



c. Sideways Trendline



Sideways Trendline

CHARTS

3 Key Characteristics of Any Trendline

a. **Length**
The longer a trendline remains intact, the greater the technical significance.

b. **Angle**
The steeper the angle of a trendline, the less meaningful it is. A more level angle shows a more valid trend.

c. **Number of Testings**
Two-point trendlines are common. If there's a third point, an upside breakthrough is likely. This idea works on the downside, too.

d. **Penetration**
Penetration on the downsides and upsides must be real. Beware of erratic markets.

4 Chart Patterns and Making Decisions

There are **so many ways to analyze chart patterns.** The good news is that a **variety of computer programs now allow you to do it instantly.** Thus, the **only barriers** to your being able to take advantage of technical chart analysis and having superior investment information over those who try to guess.

1. Any **limiting beliefs** you've allowed within yourself (it's time to change them now);
2. **Language Limitations,** e.g., phrases like "Head and Shoulders," or "Double Top" (We'll learn a little bit about these now!);
3. Not knowing the **organizing principles of a particular pattern**

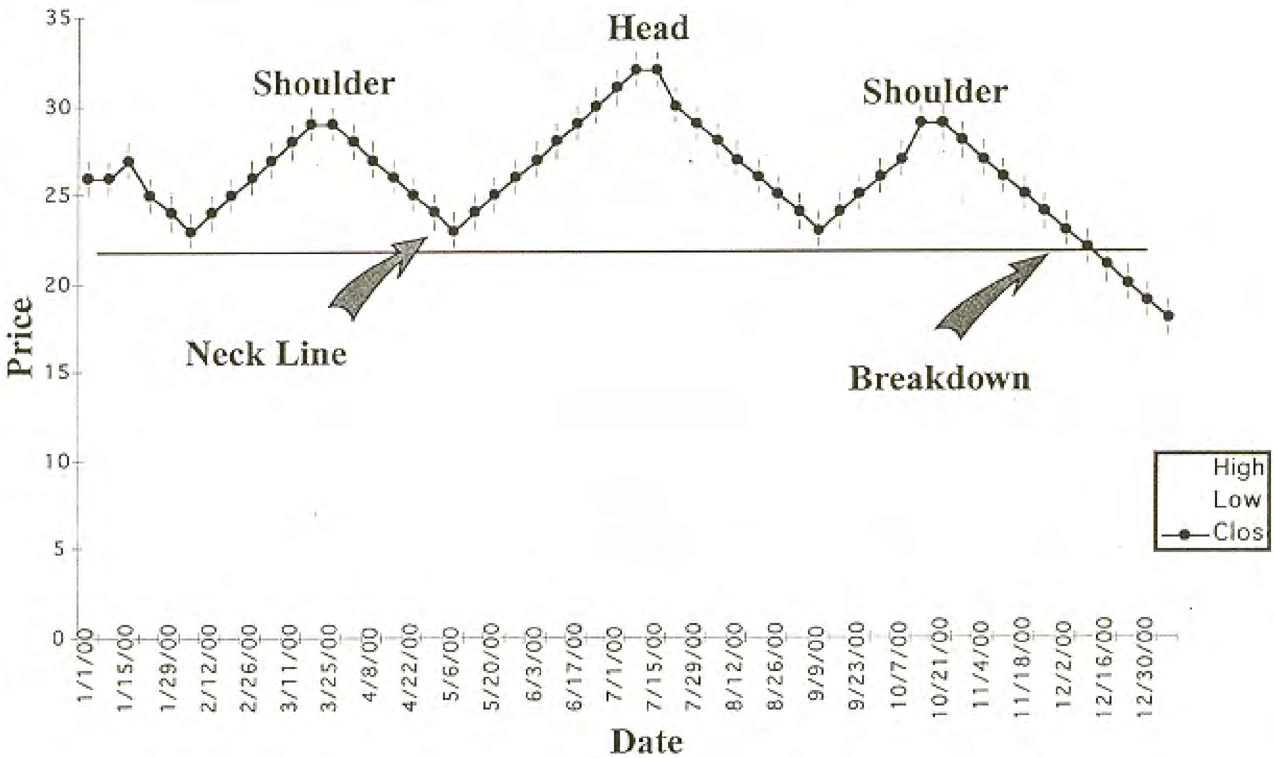
5 Chart Patterns

These patterns should be used only to supplement your other analysis, and should not be relied upon as the sole criterion for your investment timing.

The next pages contain examples of five methods of technical analysis.

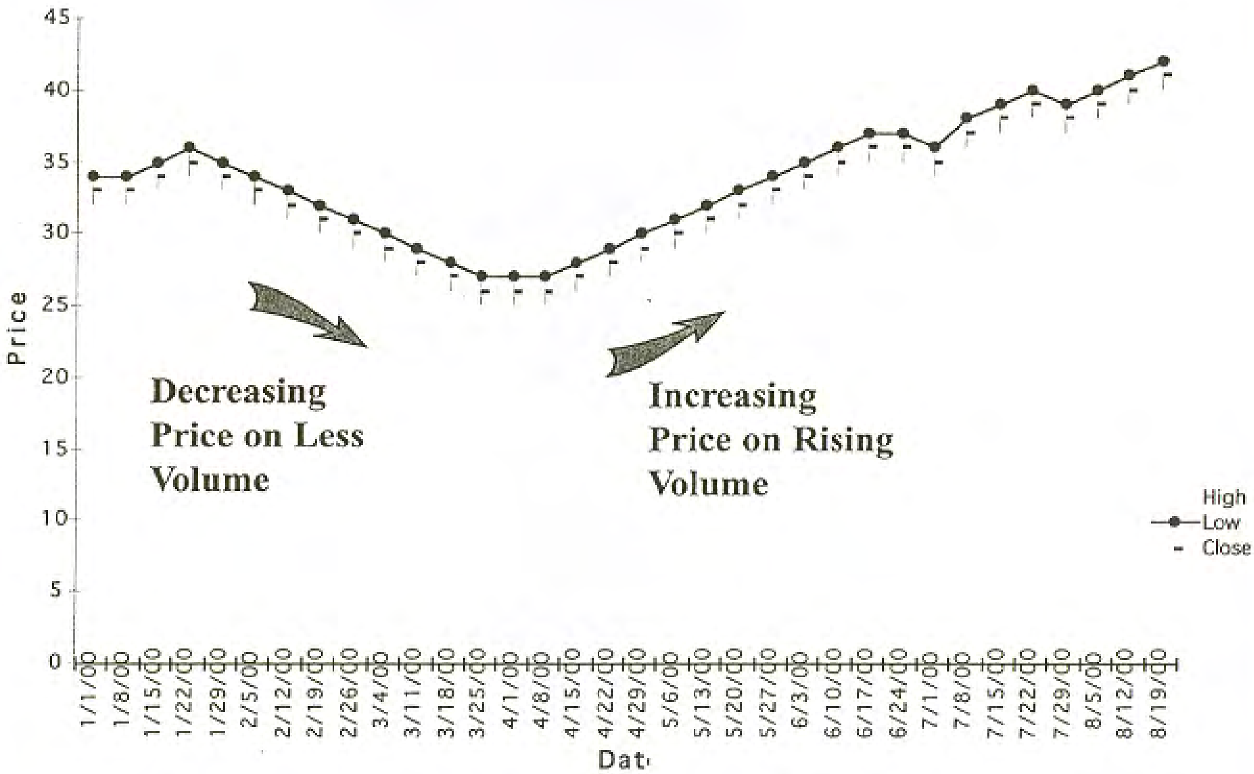
FIVE METHODS OF TECHNICAL ANALYSIS

1. HEAD & SHOULDERS



How to identify the pattern: *Pattern develops from the neckline—first shoulder, head, second shoulder, followed by a breakdown below neckline.*	
What pattern means: *Pattern indicates a possible weakness in the stock when it breaks the neckline (support line).*	
What causes pattern: *Pattern is caused by a breakdown below the neckline (support line) of the stock.*	
What to do when pattern occurs: *When pattern occurs, sell all holdings on breakdown and buy puts and/or sell stocks short.*	

2. A BOWL



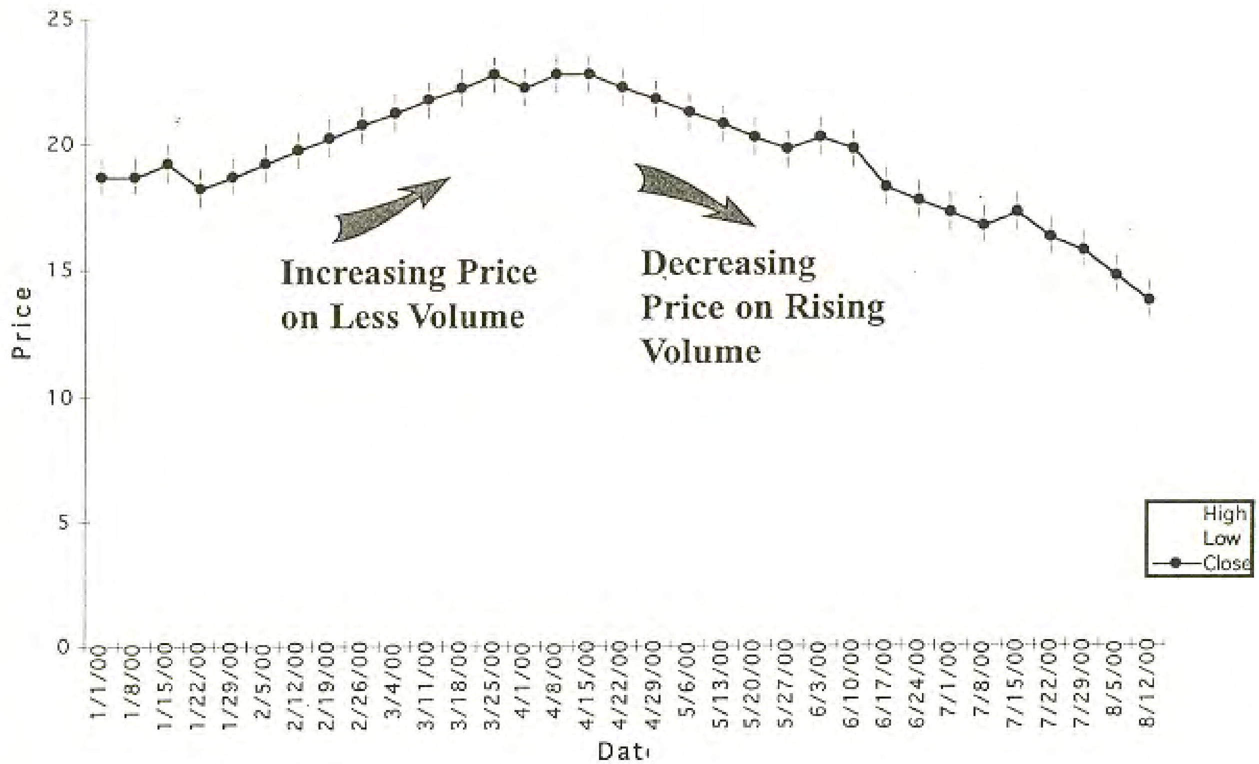
How to identify the pattern: *Pattern will show stock price moving down gently on less volume, followed by a move up on increasing volume (found mostly in lower-priced stocks).*

What pattern means: *When the stock begins to move up on greater volume, the trend is bullish (pushed up on greater volume).*

What causes pattern: *Pattern begins with decreasing demand (falling price) and is followed by the opposite—increasing demand (rising price).*

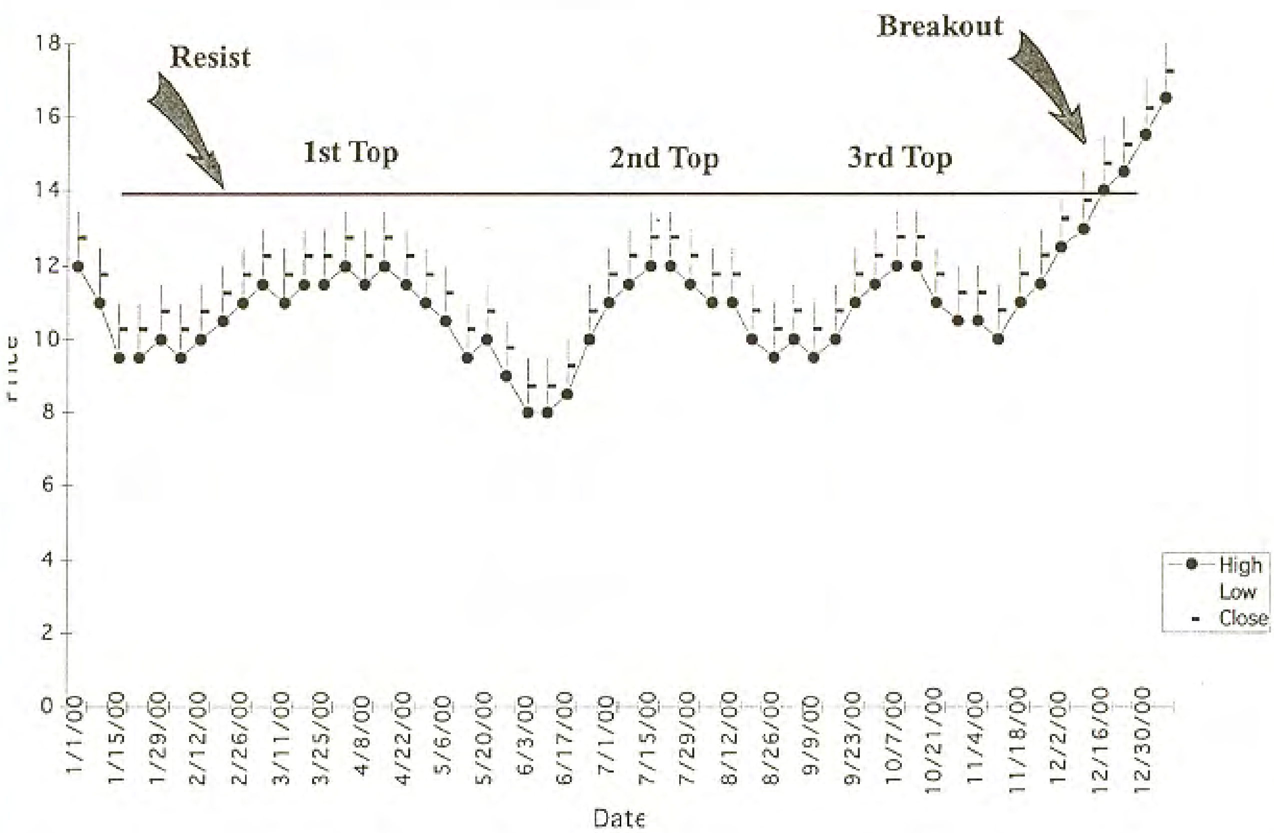
What to do when pattern occurs: *When pattern occurs, buy stock or buy a call on the uptrend.*

3. REVERSE BOWL



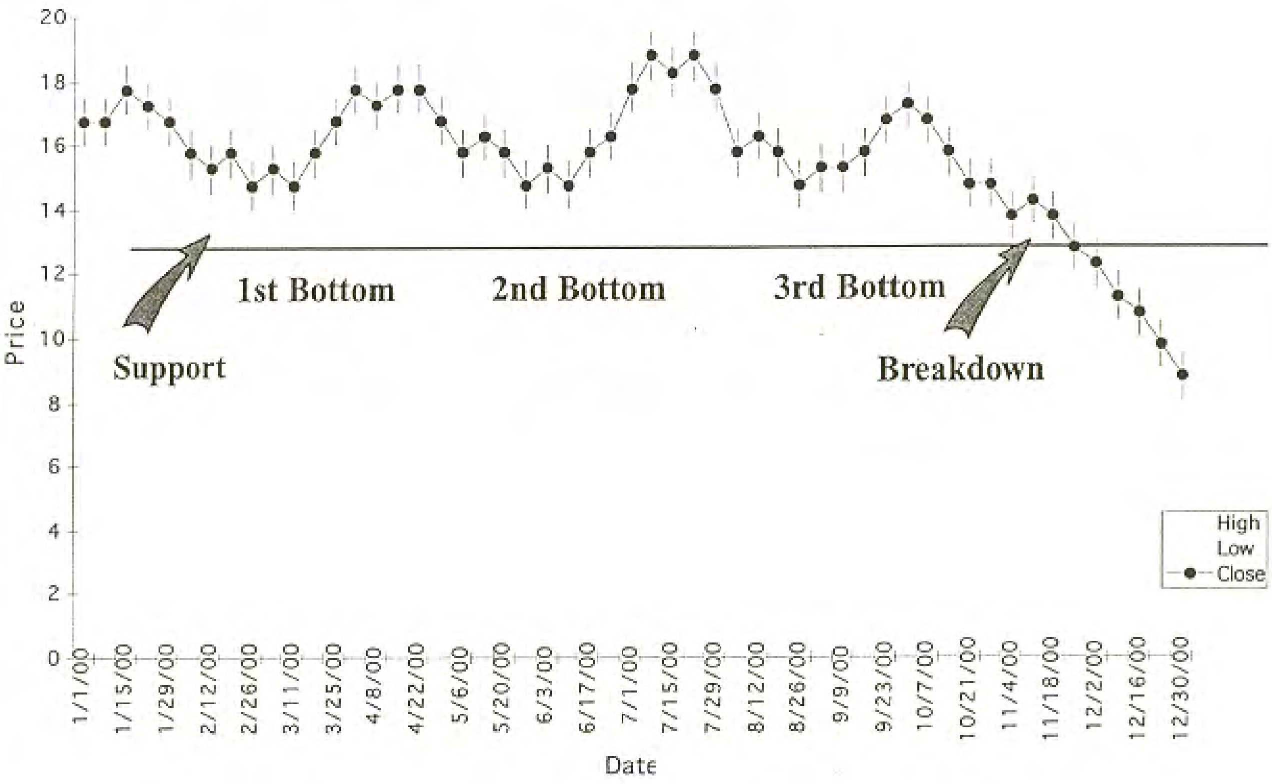
How to identify the pattern: *Pattern will show a stock price that moves up gently on less volume, followed by a move down on increasing volume (opposite of #2. A Bowl).*
What pattern means: *When stock begins to move down on greater volume, the trend is bearish (pushed down on greater volume).*
What causes pattern: *Pattern begins with decreasing demand (rising prices), followed by the opposite—increasing demand (falling prices).*
What to do when pattern occurs: *When pattern occurs, sell positions, sell stock short, and buy puts.*

4. TRIPLE TOP



How to identify the pattern: *Pattern shows a stock price testing a resistance three consecutive times before moving through it.*	
What pattern means: *If the stock moves above the resistance line, the price will generally continue its uptrend.*	
What causes pattern: *Pattern is caused by increasing demand for stock, creating a test of the price level three times.*	
What to do when pattern occurs: *When pattern occurs, buy stock or calls.*	

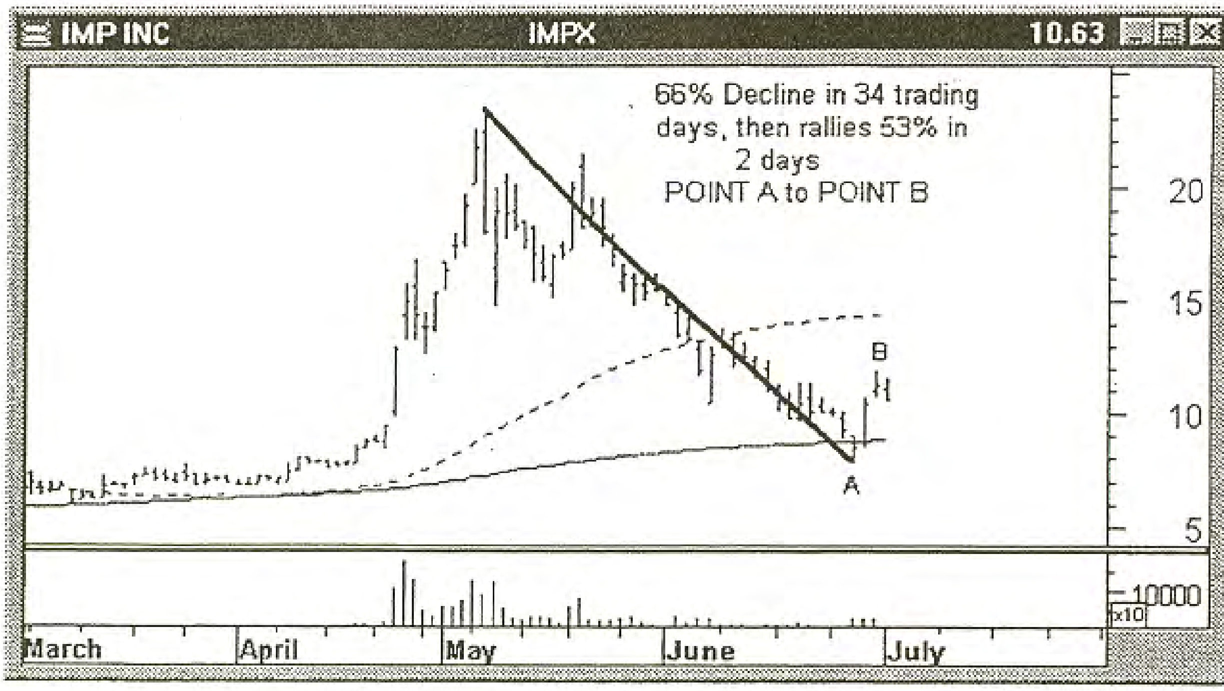
5. TRIPLE BOTTOM



How to identify the pattern: *Pattern shows stock price testing support line by rebounding off the resistance three consecutive times before moving through it.*
What pattern means: *If the stock breaks the support line, the price will generally continue its downtrend.*
What causes pattern: *Pattern is caused by decreasing demand for stock, creating a test of the price level three times.*
What to do when pattern occurs: *When pattern occurs, sell stock, sell stock short, and buy puts.*

6. DEAD CAT BOUNCE

A ***dead cat bounce*** *is a short, often sharp, counter-trend rally in a stock or commodity that had a severe price decline. It is a rally that should be sold into if you got caught in the decline. A recent example of a dead cat bounce is IMP, Inc. This chart shows that the stock dropped from a high of 23 1/2 to a low of 14 3/4 in two days, bouncing back to 19 on the close of the second day.*



What the pattern means: *As it relates to a stock, if a stock price drops significantly over a short period, it may bounce back—at least on the short-term.*
What to do: *Buy stock on drop if it is a quality company. Sell any poor quality positions you own on the "bounce."*
How to identify the pattern: *Look for companies that have dropped significantly over a day or a week. Find out if it is a quality company and decide how you want to play it.*
What is the cause: *The term, as morbid as it is, comes from the idea that even a "dead cat" will bounce if it is dropped from a high enough level.*

7. CONCLUSION

Technical analysis takes practice, experience, and ideally, quality mentoring. *Work with your broker or other licensed professional. They will be able to provide you with virtually any chart on any company you are interested in. Also, check with the instructor of this course for additional reference information.*

WEALTH $ MASTERY

WEALTH INTEGRATION

NOTES

ROBBINS' 13 LAWS OF WEALTH MASTERY

A simple checklist to achieve financial security, independence, vitality, freedom, and more importantly, fulfillment.

LAW 1: LAW OF CLARITY

To win the game, you must define your goals with absolute specificity. Define the specific dollar amounts (outcomes) for each of the six financial dreams (financial protection, security, vitality, independence, freedom, and absolute freedom).

LAW 2: LAW OF PLANNED SPENDING

The adage "If you fail to plan then you are planning to fail" has more impact in the financial arena than any other.

a. Establish a budget whereby you pay yourself first. Invest ***first*** before you buy things you don't need and/or can't afford.
b. ***Cut the waste!*** Eliminate anything you're currently paying for that no longer gives you enjoyment.
c. ***Know how much you are spending.*** Remember that the more frequently you measure something, the better it gets!
d. Decide to ***pursue earning*** more so that you have additional income for your investments. Create a way to add more value, get a part-time job, start a new business, etc.

LAW 3: LAW OF A REAL & COMPELLING FUTURE

Create your financial plan (capital accumulation plan). Establish, review, measure, and celebrate your achievements. Goals are not enough. You must have a specific plan for spending, investing, and achieving your utmost goals—a plan that is real, conservative, and provides certainty that you will convert this dream into a reality.

a. Create one plan that is ***extremely conservative***—an absolutely achievable plan accounting for potential tough times.
b. Create one plan that is ***moderate***—a likely scenario that is not perfect but will allow you to do well.
c. Create one plan that is ***optimistic***—this is not an extreme plan, however, if you work hard and things go well, this is what's possible or even likely.

LAW 4: LAW OF DISCIPLINE (COMMIT & CONSTANTLY FOLLOW THROUGH ON YOUR FINANCIAL DESTINY INVESTMENT [F.D.I.])

Having an investment plan and goals are worthless unless you live by the discipline of consistently paying yourself first. You must take a predetermined percentage of your income(never less than 10%) and unfailingly invest it into your future. You must learn to become an owner vs. a consumer.

An ultimate goal might be to approximate Sir John Templeton's strategy: Save 50% of what you earn and invest it.

LAW 5: LAW OF PROTECTION (EMERGENCY EXIT)

The first goal for everyone is to make certain that you have an emergency fund of liquid cash to protect yourself and your family in case of any unanticipated challenges to your physical health or source of income.

LAW 6: LAW OF A ASSET ALLOCATION (AAA)

This is the most important rule in investing. More important than any investment you make will be your philosophy toward investing.

1 LAW OF FOUNDATIONAL ASSET ALLOCATION:
Decide on a percentage that you will invest in each of your three buckets: Security, Growth, and Dream.

2 LAW OF DIVERSIFICATION

3 LAW OF VEHICLE ALLOCATION:
What percentage are you going to keep in different types of investments ***within*** each bucket?

4 LAW OF LIQUIDITY:
How much liquidity do you need to meet your current needs?

5 LAW OF LEVERAGE:
Leverage must be used in a disciplined and systematic way—never enough to risk your security bucket. Increased leverage means increased risk and increased potential reward. Thus, the younger you are, the more leverage you can practically apply since you have time to recover. Never have leverage put you in a position that could risk your security bucket.

6 LAW OF TITHING:
What percentage of your windfall profits (profit earnings from investments) do you want to make available so that you can distribute it for the greater good? How much time do you want to schedule for serving the greater good?

The Templeton Formula:
Never put more than 10% in any one investment. Never put more than 2% of your assets in a risky investment. Do put 2% of your money in investments that are experiencing maximum pessimism.

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

LAW 7: LAW OF PROFITABILITY (QUALITY & PRICE ASSESSMENT SYSTEM)

The ability to establish the real value (long-term) of a given investment is the first and most important decision in investing. If your investment passes this first test, the second question that must be resolved is "Is it at the right price (i.e., is it a bargain)?" Always use the master system of Quality and Price Assessment (QPA) and choose any method you wish for evaluating your investment.

Is your QPA currently consistent with your plan for this investment?

A. If so, ***establish thresholds*** for when you will re-evaluate any investment. For example, if a stock drops below a certain level, you may not necessarily want to sell it, but you do want to at least signal it to reevaluate again in the near future.

B. If not, ***follow the step-by-step process of Robbins' QPA system*** to reevaluate, judge, and resolve—decide to sell your investment, keep it, or buy more.

LAW 8: LAW OF CONSISTENT REVIEW & EVALUATION (SCHEDULED MEETINGS WITH A COACH OR MENTOR)

It is not enough to make a quality decision about how to make investments; you must have a systematic, scheduled way of reviewing, monitoring, and celebrating your progress. You must also have an educated source outside yourself for monitoring your progress.

a. ***Select a financial coach or mentor and schedule monthly*** (or at least quarterly) ***meetings with them.*** At this meeting, review your:
   - (1) Goals
   - (2) Budget—review monthly as a minimum. Be sure to complete a detailed quarterly review.
   - (3) Plan
   - (4) Financial Destiny Investment %—should you increase it?
   - (5) Asset Allocation Assessment (AAA)—make certain that you are following the six laws.
   - (6) Financial Protection—is this secure? If not, do you have a conservative plan to achieve it?
   - (7) Investments—investigate new investment opportunities and reevaluate your current investments if they have broken through their current threshold.
   - (8) Taxes
   - (9) Asset Protection & Estate Planning
   - (10) Update your education

b. ***Establish rules for debate*** (i.e., Organizing Principles and Quality and Price Assessment that you will both use to resolve which investments to take advantage of.)

c. Schedule ***dates for review, celebration, and reevaluation.***

LAW 9: LAW OF TAXATION

You must pay "Caesar" first. The single largest expense in your life is taxes. Thus, take full advantage of anything you can legally do to pay the smallest amount so that you have more money to invest and enjoy.

a. Select a tax professional with extraordinary qualifications and a proven track record—***one who shares your tax philosophy***: aggressive, extremely conservative, or moderate.
b. You also must ***protect your assets*** while you are here and ensure that you have a ***plan for maximizing the benefit of your life to your family***. Each of these will require that you understand the organizing principles guiding your decision making so that you are the source of approving any such activity.

LAW 10: LAW OF OPPORTUNITY CONSCIOUSNESS

Train your mind and emotions so that you become sensitized to any opportunity for making money or for investing in a profitable and effective way. Use the power of incantations to sensitize yourself to any favorable circumstances.

a. ***Be constantly aware of opportunities.*** Sensitize yourself to any information that can give you a competitive advantage as a successful investor and/or successful entrepreneur, such as any:
   (1) unique financial opportunity
   (2) information about new investment vehicles
   (3) companies that are doing well
   (4) news items that might affect investment opportunities
   (5) new market niches
   (6) new consumer attitudes or trends

   * *Hopefully, you will do well enough to become a philanthropist.*
b. Constantly ***increase, expand, or upgrade your education*** and understanding of ***organizing principles*** that will allow you to take advantage and become ***more successful*** *as an investor and/or entrepreneur.*
c. Look for and stay constantly sensitized to the ***lag time*** that is a part of any new, successful opportunity.

LAW 11: LAW OF MAXIMIZING INCOME

Your income is in direct proportion to your ability to add massive and measurable levels of increased value to the quality of other human beings.

a. The value you add ***must not only be measurable but also valued by the individuals receiving it*** or there will not be added income. Often individuals are unaware of their needs or desire for the benefits you offer. Thus, to maximize your income (i.e. return for added value) you must become masters of the laws of added value service (i.e. you must consistently create a level of value to our customer's lives that causes people to not only be satisfied but to be raving fans of your products, service, and company.).

b. You must also ***master the laws of marketing.*** This provides you an ultimate and lasting competitive edge. Having the finest product is not enough. You must ensure that people know it in advance. Know what actions you can take that can provide a greater return for the time, energy, and dollars you have invested in effective marketing.
   If you work for a company as an employee you must ***market yourself within the corporation*** so that you are appreciate and valued. Thus, when promotions or raises are considered, you will be a top candidate. On the other hand, if downsizing or outsourcing causes a company to reevaluate which employee to let go, you will be seen as invaluable. Thus, marketing is a skill for everyone.

When you master these two skills (adding value and marketing), you have the ability to transform your current business or foundation to start a new business.

LAW 12: LAW OF IDENTITY

The ultimate shaper of all human behavior is our need to remain consistent with the way we define ourselves. You must review your old belief systems about who you are financially (i.e., your old identity) and immediately establish your new and true identity—one that defines you as abundant, successful, financially astute, giving, wealthy, fulfilled, etc. You must constantly reinforce this identity for it will guide all of your thinking, actions, and results. Ultimately, no force is more powerful for shaping your results than identity. **Identity is the force that determines the prices of your dreams.**

LAW 13: LAW OF TRUE WEALTH

When Sir John Templeton was asked, "What does it take to be wealthy?" he replied, "Only one thing: ***gratitude***." Remember, no amount of money makes you feel wealthy. Only appreciating what you have does. If you appreciate what you have, you are rich. The richer you feel, the more riches you attract to yourself. Cultivating a feeling of lack or scarcity only produces states of frustration, hurt, anger and overwhelm which are the forces that repel all wealth and abundance before it even has the opportunity to cross your path much less embrace you.

CULTIVATE AN ATTITUDE OF GRATITUDE DAILY.

Notice, appreciate, feel, experience, and anticipate all the good that currently exists in your life, that can and exist, and that in any moment will exist through your consistent actions, rooted in a sense of abundance and shaped by abiding faith.

NOTES

THERE ARE ONLY 2 TWO MISTAKES YOU CAN MAKE...

WHAT ARE THE ONLY MISTAKES YOU CAN REALLY MAKE NOW THAT YOU HAVE YOUR PLAN IN PLACE

1 YOU CAN TAKE THIS CASUALLY.
Wealth Mastery requires focus, and it can produce extraordinary rewards. If you don't focus on mastering your finances, you'll have to pay the price that most everyone else pays: MASSIVE REGRET.

2 YOU CAN PUT OFF STARTING _______________ .

BEWARE THE "________________________________" SEMINARS . . .

Q CAN SOMEONE BE SINCERE AND STILL GIVE YOU INACCURATE, POOR, OR EVEN DEVASTATING FINANCIAL ADVICE?

A ______________ , THEY CAN BE _______________ WRONG!

"It is in your moments of decision that your destiny is shaped."

— ANTHONY ROBBINS —

WEALTH INTEGRATION

1 What did you learn? What new distinctions have you made? What ideas or concepts have you developed as a result?

2 Why do you deserve your dream?

3 What results are you committed to achieving? What value is going to be created by your earning your dream?

WEALTH INTEGRATION

4 **What are you going to do now? By when?**

5 **Why is it not going to happen? (Use The Power of Negative Thinking!")**

WEALTH $ MASTERY

DAILY RECAP: ORGANIZING PRINCIPLES

ADDITIONAL
ORGANIZING PRINCIPLES

WHAT DID I LEARN?	WHAT IS THE POTENTIAL VALUE OF THIS DISTINCTION?

WHAT DID I LEARN?	WHAT IS THE POTENTIAL VALUE OF THIS DISTINCTION?

WHAT DID I LEARN?	WHAT IS THE POTENTIAL VALUE OF THIS DISTINCTION?

WHAT DID I LEARN?	WHAT IS THE POTENTIAL VALUE OF THIS DISTINCTION?

D.A.W.W. —DECISIONS, ACTIONS, WHEN & WHY!

DECISION/ACTIONS	BY WHEN	LEVERAGE/ WHY?	RESOURCES

D.A.W.W. —DECISIONS, ACTIONS, WHEN & WHY!

DECISION/ACTIONS	BY WHEN	LEVERAGE/ WHY?	RESOURCES

D.A.W.W. —DECISIONS, ACTIONS, WHEN & WHY!

DECISION/ACTIONS	BY WHEN	LEVERAGE/ WHY?	RESOURCES

NOTES

ANSWER KEY

Page	Answer
20	emotions, physical body, relationships, finances, time
21	money, certainty
23	beliefs, attitude of abundance
24	earn, protect, grow, leverage, enjoy
38	define, moving target, define, achieve, believe, achieve, must, plan,
39	follow through on, making themselves responsible, give up, profit, pessimism, optimism, coaching
46	inherit, marry into, earn
47	spend, invest, re-invest, growth, critical mass, annual income
49	time, compounded, intelligent, money
69	absolute dollar amount, invest, no matter what
77	asset
80	peace of mind, net worth/critical mass, money
95	stocks, critical mass, cash flow
97	gamble, disaster, broker, bottom, down/
115	protection, security, vitality, independence, freedom, absolute
116	protection, everyone, certain, liquid, basic living, 2, private pension, income, disability, saved, income, first
117	security, critical mass, mortgage, food, utilities, transportation, insurance, taxes
118	vitality, critical mass, education, pension plan, entertainment, luxury
119	independence, critical mass, quality of life, independent
120	freedom, lifestyle, over-estimate, under-estimate
121	absolute, certain
136	want
146	must
153	must, I, can, past
154	will
155	leverage, immediate and immense pain, immediate and immense pleasure
160	income, life, critical mass, income
162	income, consequences
163	now, risk, time
164	every year, margin, 10
188	save, difference, waste, enjoyment, spending plan, in advance, must
191	earn more, value, positions, second, spouse, business, partner, add more value, value, value, lag time
192	better return, risk
194	lucky, lottery, taxes, inherit, inflation, investments, longer, more
195	lifestyle, lower
196	working
200	interested, motivated, deserve, big, action
206	economy, sector
210	interest, inflation, employment
221	sure thing
285	3-4
321	full, discount, discount, information, high fees
379	words
400	Immediately!, coffee shop, yes, sincerely

Finally, remember that anyone can become wealthy in the financial sense. True wealth is what you carry with you in your heart and in your mind. By attending this program, you have demonstrated that you are a person of action, committed to Constant And Never-ending Improvement (CANI!). More importantly, you are committed to making a difference in your life and in the lives of those you care about. You have already succeeded far beyond what most people dream about.

Our deepest fear is not that we are inadequate.
Our deepest fear is that we are
powerful beyond measure.
It is our light, not our darkness, that most frightens us.
We ask ourselves, who am I to be brilliant, gorgeous,
talented, and fabulous? Actually, who are you not to be?
You are a child of God.
Your playing small doesn't serve the world.
There's nothing enlightened about shrinking so that
other people won't feel insecure around you.
We were born to make manifest
the glory of God that is within us.
It's not just in some of us; it's in everyone. And as we
let our own light shine,
we unconsciously give other people permission
to do the same.
As we are liberated from our own fear,
our presence automatically liberates others.

MARIANNE WILLIAMSON, A RETURN TO LOVE

ANTHONY ROBBINS
WEALTH MASTERY