

Week #7 – Beginning Chapter 6, Stock Valuation Techniques – Exam #2 Next Week

Hello, Everyone. Are you thoroughly immersed in chapter 5, Introduction to Stocks? Good! Because we are ready to get started on chapter 6. All the material for chapter 6, Common Stock Valuation Techniques, is now available. This is the heart of the course and you will need to review the presentation, read the chapter, listen to the audio lecture presentations and/or view the audio/visual lecture presentations, do the worksheets, etc. *several times* to really internalize the concepts and techniques. Get started on this material as soon as you can. These calculations *will* be on exam #2! (They will even be in the same order as the worksheets.) Once you have done the calculations a few times, you will find that they are really not that hard. Please do not ignore them! These calculations make up the very heart of our course.

Given the recent market volatility, I thought it would be helpful to post a page from *The Intelligent Investor* by Benjamin Graham. Actually, the page that is posted is from the added commentary by Jason Zweig. The latest edition of *The Intelligent Investor* is from 2002. The editors asked Jason Zweig, a well-known financial writer, to add commentary to help make *The Intelligent Investor* easier to read. (Mr. Graham's writing can be difficult to penetrate at times.) The page is taken from the chapter on market downturns. I hope you enjoy it. It is under the chapter 5 link "*BGFN – The Benjamin Graham Financial Network.*"

Exam #2 on the material in chapter 5 and the calculations from chapter 6 will be available next week starting next Wednesday or Thursday night and will be available until Sunday evening. The first part of the exam will be multiple-choice and true-false questions. The second part of the exam will contain the calculations. There will be a few calculations from chapter 5. These calculations will be very much like the calculations from the chapter 5 worksheets which include the price / earnings ratio, dividend payout ratio, dividend yield, and market capitalization. You may also need to match stocks with their corresponding stock type and identify whether the stock is a large-capitalization, mid-capitalization, or small-capitalization company. The calculations from chapter 6 will be exactly like the calculations from the presentations and the worksheets and the chapter 6 assignment. (Once again, they will even be in the exact same order!) Go over them many, many times! We will discuss the exam again next week in detail. Keep studying. *Every day*. Okay? Good!

Remember that grade sheets are available on the class web site, not Blackboard. They are normally updated once each week. Please check that you were given the proper credit for all the assignments you submitted. Please, please, please submit your assignments, even if they are late! More important than the grade you receive is the experience they give you as investors in training. The assignments are designed to be very similar to what investors need to do to be successful, in my humble opinion. If you are having problems, please contact me. That is why we are here! We can not help you if you do not contact us.

Don't Give Up! *Never* Give Up!

Sincerely,

Frank Paiano

P.S. Did I mention that every day you need to study the **terms and concepts in chapter 5** and the **calculations in chapter 6** very thoroughly? I did? Good! Now, get to work! Please bring honor and glory to BUS-123 and to Southwestern Community College! We want all our students to succeed! In fact, we want all of you to be the best long-term stock investors the world has ever seen!