

# Polsky Personal Investing in Mutual Funds

*To Achieve Financial Independence Past the Age of 100*

**IT'S NEVER TOO LATE EVEN IF YOU ARE OLDER THAN 65!**

**Lessons For Life** are not being taught but **NOW** you should begin protecting your own future by not depending on Government's Social Security or Medicare or Employer's 401(k). Also, you must compensate for 3.1% average inflation per year over the past 60 years, which is your greatest loss.

**It requires as little as \$100 per year or \$2 per week to accumulate \$141,826 in 30 years!**

YOUNG PEOPLE HAVE TIME ADVANTAGE OF 30 YEARS TO BECOME MILLIONAIRES  
(\$416.66 per month equal \$5,000 per year maximum allowed for tax-free Roth IRA @ 20% = \$7,091,300)

Use these 10 pages as a handout and presentation for teaching these investment principles to yourself and others, especially your parents & children.

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# FOR EXTRA INSURANCE IF YOU LIVE 30 YEARS LONGER THAN EXPECTED!

## Ditching Your Debts For Good – This is a MUST before you can start investing

- ❑ Credit Card debt national average \$9,000 paying the minimum 2% of balance requires 56 years to pay it off
- ❑ Stop charging or pay off fully each monthly statement
- ❑ Track spending and cut expenses
- ❑ Set up an emergency fund (3-6 mos expenses) to avoid need to sell investments

## You must start NOW a systematic saving plan – don't count on Social Security, 401(k), or Medicare

Only \$100 per month or \$1,200 per year for 30 years = \$36,000 investment @ 20%, will be worth \$1,701,912

A Roth IRA, after 30 years you can withdraw monthly for the rest of your life \$28,365 ( $1,701,912 \times .20 / 12$ ) pay no taxes and leave the principal to your grandchildren tax free if you don't need it.

You can have an additional Roth IRA even if you have a 401(k), but only \$5,000/6,000 over age 50 total investments allowed per year in all your IRAs

## Many say “ I Can't Save Money”, Yes you can *See examples below but sure you can think of more:*

If you save \$13.70/day x 365 days=\$5,000/year or \$416.66/month (maximum allowed in Roth IRA under age 50)

Simple examples of how to save for financial independence:

<u>ACTIONS</u>	<u>DOLLARS SAVED/DAY</u>
1. Brown bag your lunch	3.00
2. Buy 12 pack of soft drinks rather than vending machine (2 cans)	1.00
3. Shop at discount stores for food and other items (shop by coupon and list of needs vs up and down aisles – NO to impulse buying!)	7.00
<b>TOTAL SAVED IN JUST ONE DAY, SO YOU ARE ON YOUR WAY...</b>	<b>\$11.00</b>

**Bet you can come up with other ways to save and especially don't think you can live like your parents until you earn what they do!**  
(one idea is to put your change every night in a jar and at end of month is at least \$83 x 12 = \$1,000 per year)  
(another way is to stop smoking and Starbucks coffee every day can save over \$3,000 per year)

**See page 3 how time and growth rate of return can make you financially independent in 20 years or millionaire in 30 years!**

# MAGIC OF TIME #1 & COMPOUNDING #2

*(Takes both to GROW – Young People Have Time Advantage of 30 years to become MILLIONAIRES)*

\$416.66/month = \$5,000/year maximum allowed for tax free Roth IRA (if you qualify # below)

YRS	INVESTED	Goal 20%*	15%	10%	5% (Bonds, CD's, Treasury)
10	\$40,000	$\frac{\$155,750}{50,000} = 3.1$	\$116,750	\$87,650	$\frac{\$66,050}{50,000} = 1.3$
20	100,000	$\frac{1,120,100}{100,000} = 11.2$	589,050	315,000	$\frac{173,600}{100,000} = 1.7$
30	150,000	$\frac{7,091,300}{150,000} = 47.3$	2,499,800	904,700	$\frac{348,800}{150,000} = 2.3$

-1,120,100 (20 YRS)

\$5,971,200 (next 10 years loss if stop at 20 YRS)

\$ 597,120/YR gain by investing next 10 YRS only \$5,000/YR--AMAZING!

\*Rate Of Return (ROR) Goal 20%

10 YRS \$3.10 for every \$1 invested

20 YRS \$11.20 for every \$1 invested

30 YRS \$47.30 for every \$1 invested

# Check with your CPA but generally is from earned Income as long as adjusted gross income is below \$95,000-\$110,000 single IRS filing or joint IRS filing \$150,000-\$160,000

**IMPORTANT YOU ARE FORFEITING MILLIONS IF YOU DON'T ACT NOW!**

Maximum allowed \$5,000 invested each of 20 years = \$100,000 but @ 20% ROR worth \$1,120,100

IRA Roth allows after age 59 ½ per month withdrawal with no income taxes \$18,668 (\$1,120,100 x.20/12)

Leave \$1,120,100 principal to your grandchildren which is an allowed generation skipping – grandchildren must withdraw all subject to their life expectancy but do not pay any income or penalty taxes

**BELIEVE IT OR NOT----- ONLY \$100/MO FOR 20 YEARS IS \$24,000 INVESTED WORTH \$268,824@ 20% ALLOWS \$4,480/MO WITHDRAWAL FOR THE REST OF YOUR LIFE AND LEAVE \$268,824 PRINCIPAL TO YOUR CHILDREN**

See page 4 for safety showing S&P 500 index over time always seeks new highs with 12.56% ROR past 23 years

**S&P 500 for 52 years 1957 - 2008**  
**(Index started 1957)**

**HOW SAFE IS OUR STOCK MARKET?**  
 OVER TIME OUR STOCK MARKET ALWAYS SEEKS NEW HIGHS  
 (see footnotes which also substantiate safety with good ROR)

52 Year Rate of Return (ROR)			25 Year Rate of Return (ROR)		
	Annual ROR	Investment Value	Annual ROR	Investment Value	
01/01/57		\$1,000			
1957 *	-10.80%	892			
1958	43.19%	1,277			
1959	11.90%	1,429			
1960	0.45%	1,436			
1961	26.79%	1,820			
1962 *	-8.74%	1,661			
1963	22.66%	2,038			
1964	16.32%	2,370			
1965	12.35%	2,663			
1966 *	-10.05%	2,395			
1967	23.88%	2,967			
1968	10.98%	3,293			
1969 *	-8.42%	3,016			
1970	3.93%	3,134			
1971	14.56%	3,591			
1972	18.90%	4,269			
1973 *	-14.77%	3,639			
1974 *	-26.39%	2,678			
1975	37.16%	3,674			
1976	23.57%	4,540			
1977 *	-7.42%	4,203			
1978	6.38%	4,471			
1979	18.20%	5,285			
1980	32.27%	6,990			
1981 *	-5.01%	6,640			
1982	21.44%	8,063			
1983	22.38%	9,868			
1984	6.10%	10,470	01/01/84	1,000	
1985	31.57%	13,775		6.10%	1,061
1986	18.56%	16,332		31.57%	1,396
1987	5.10%	17,165		18.56%	1,655
1988	16.61%	20,016		5.10%	1,739
1989	31.69%	26,359		16.61%	2,028
1990 *	-3.10%	25,542		31.69%	2,671
1991	30.47%	33,325		-3.10%	2,588
1992	7.62%	35,864		30.47%	3,377
1993	10.08%	39,479		7.62%	3,634
1994	1.32%	40,001		10.08%	4,001
1995	37.56%	55,025		1.32%	4,054
1996	22.96%	67,658		37.56%	5,576
1997	33.36%	90,229		22.96%	6,856
1998	28.58%	116,017		33.36%	9,144
1999	21.04%	140,427		28.58%	11,757
2000 *	-9.10%	127,648		21.04%	14,230
2001 *	-13.00%	111,054		-9.10%	12,935
2002 *	-22.10%	86,511		-13.00%	11,254
2003	28.68%	111,322		-22.10%	8,767
2004	10.88%	123,434		28.68%	11,281
2005	4.91%	129,495		10.88%	12,508
2006	15.80%	149,955		4.91%	13,122
2007	5.50%	158,203		15.80%	15,195
2008 *	-38.49%	97,317		5.50%	16,031
				-38.49%	9,862

most people would have sold out here

1973 - 1974 loss 41.16% recovered by 1976

everyone would have sold out here

1984 start is more realistic in today's global economy and technology

If you would have stayed, 1957 \$1,000 would be worth \$97,317 which is 9.20% ROR average per year

9.57% ROR 25 years

Fixed Rates of Return (ROR): Bonds, CDs, etc. 6% 20,697 vs 97,317 or 4.7 times greater

Fixed Rates of Return (ROR): Bonds, CDs, etc. 6% 4,292 vs 9,862 or 2.3 times greater

## ***What is a Mutual Fund?***

*An open-end investment company is usually called a mutual fund and not only sells shares to you, but also agrees to buy shares back at whatever their market value might be in the future. Each mutual fund may have several million shareholders who have entrusted their billions of dollars to be invested in the shares of about 30 public corporations.*

### **Advantages of Mutual Fund Investing (listed in order of importance)**

1. Expert daily management with a record of 20% return as compared to the unmanaged S&P 500 Index for 12.26% past 24 years. (Vanguard 500 mirrors S&P 500 Index which is 12.26% but why not go for 20% Goal through well managed equity mutual funds)
2. Each market is too complicated – requires full time researching by mutual portfolio manager with full time staff. (consider just the sophistication and changes in today’s healthcare or technology markets)
3. Minimize time for investment decisions.
4. Diversification as many as 30 stocks in one mutual fund and diversified further into several markets: finance, health, technology, etc. (Tiger Woods cannot play 18 holes with just a putter!)
5. Liquidity as you can buy or sell at the closing Net Asset Value (NAV) on any day and receive money within 3 days maximum. (you cannot afford to buy and hold – quarterly replace a mutual if you can find a better mutual)
6. Net Asset Value (NAV) is published daily to evaluate growth quarterly and compare mutuals for better replacement if available. (don’t look daily as you will have heart attack from S&P 500 Index roller coaster – we’re interested long term 3 years annualized)
7. Security Exchange Commission requires complete disclosure with strict policing and penalties for mutual funds. (one equity mutual fund holds more than 30 stocks so one bad egg can’t materially effect the whole basket)
8. No sales charge on most mutuals and generally only 1% Total Annual Charge which, is absorbed in their Rate of Return (ROR). (who cares if 3-6% up front commission + 1-2% annual charge if their ROR meets 20% goal vs 3.1% per year inflation over past 60 yrs)
9. Automatic monthly investments from your checking account and automatic monthly withdrawals at retirement. (sign up now for at least \$100 per month automatic investment – yes you can and in 3 months you’ll not miss the \$100 per month)
10. Buy/sell to nearest cent vs whole shares of stock with 1/8 point charge for odd lots of less than 100 shares. (this is another convenience of a mutual fund + monthly statements with full detail per below)
11. Accurate monthly statements from one mutual fund or Fidelity Brokerage Account, at no extra cost, lists each investment as to number of shares, cost, market value last and this month, gains/losses this month and YTD. (start with one mutual fund but after it reaches \$50,000 market value start another in a Fidelity Brokerage or other Broker)

**See page 6 for the secret how to select the best equity mutual fund!**

# **HOW TO CHOOSE MUTUAL FUNDS FOR 20% + ROR**

## **(there are over 12,000 Mutual Funds to choose from)**

1. At least 3 years annualized history & does better than S&P 500 Index in up/down markets, as opposed to a hot fund this year.
2. Steady management with a consistent investment program as opposed to changes of people and policies.
3. Medium size as large funds, over \$10 billion TOTAL ASSETS, have difficulty trading big blocks of stock.
4. Invests for Blend means both Value or Growth. Value investors generally look for bargain stocks with low price earnings less than 20, which excludes many stocks and sell when there is a 10-20% gain or loss vs Growth investors go for the longer term.
5. Diversify into mutuals investing, at time of purchase, in Mid Cap stocks which are companies with \$2-\$10 billion market value (share price x number of shares) and Large Cap stocks having market values over \$10 billion. Any Cap includes Small Cap stocks under \$2 billion, Micro Cap stocks under \$500 million – generally new companies along with Ultra Small Cap stocks under \$100 million.
6. Morningstar.com has all information needed by using the Fund Symbol. Look in 3 yrs Annualized for those 20% or greater.

## **HOW TO INVEST IN MUTUAL FUNDS**

If you are just starting a long term IRA (Traditional or Roth) investment program, you should initially concentrate in just one mutual fund – see page 7. When your \$416.66 monthly = \$5,000 per year investment reaches \$50,000 market value, which should be in about 5 years, you should diversify further and not have all your investment in one mutual fund. Then call 800-343-3548 for application and automatic investing from your checking account into Fidelity Brokerage Account for an IRA Traditional or ROTH (if you qualify – ask your CPA but generally is from earned income as long as adjusted gross income is below \$95,000 - \$110,000 single IRS filing or joint IRS filing \$150,000 - \$160,000). Fidelity can buy at no extra cost and furnish one monthly statement for all your mutuals. If your parents are over age 50, they are allowed to invest in a Roth IRA \$6,000 per year or \$500 per month, and if they do not have at least \$500,000 in their retirement fund earning 20% annually then they should each start now investing \$500 per month for dollar cost averaging benefits. Even after age 50, they can catch up and not be a financial burden on you. Young people have time on their side as they can start now with as little as \$100 per month.

**See page 7 for Norm's current quarter mutual funds held**

NORM'S HISTORY MUTUAL FUNDS INVESTING SINCE 1970 (SHOWS CAN'T BUY & HOLD - QUARTERLY IMPROVE WEIGHTED SCORES & AVERAGE RANK IF CAN FIND BETTER REPLACEMENT)  
 BEG/END NAV is Net Asset Value at the beginning of this year and at the ending of this current period  
 WEIGHTED SCORES = YTD % x 1/2 Weight + 1 YR % x 2/5 + 3 YRS % x 5/3 + 5 YRS % x 3/1 (compare S&P 500/other mutuals)  
 NORM'S 20% RATE OF RETURN (ROR) 5 YRS ANNUALIZED IS A GOAL - ACTUAL PERFORMANCE OF FUNDS WILL VARY  
 HISTORICAL RESULTS ARE 1 GUIDE TO CHOOSE WINNERS + 4 OTHER CRITERIA IN MY ARTICLE LAST PARAGRAPH (OVER)  
 AVERAGE RANK IS WEIGHTED SCORES OLD RANK PLUS NEW RANK DIVIDED BY 2

AVERAGE RANK				BEG/ END (MIL \$)	JUNE 2009	2ND Q 2009	YTD %	ANNUALIZED					Old Long Term		New Short Term		YEARS												
12/29	12/31	12/31	06/30					1 YR %	3 YRS %	5 YRS %	3 YRS X 2 1 YR X 2	3 YRS X 5 5 YRS X 3	3 YRS X 3 1 YR X 5	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999						
10.5	11.0	16.5	15.5		8447	-0.4	12.0	-2.0	-23.0	-6.3	-1.7	-85	14	-140	17	-31.9	8.9	16.3	1.7	5.3	28.3	-15.0	-7.1	-4.9	27.2				
Dow Jones Industrial Average					8776																								
10.5	11.0	17.5	15.5		903																								
S&P 500 INDEX is my Benchmark				2008	919	0.2	15.9	3.2	-26.2	-8.2	-2.2	-97	14	-151	17	-38.5	5.5	15.8	4.9	10.9	28.7	-22.1	-13.0	-9.1	21.0				
				2007																									
				TOTAL																									
				ANN																									
				DIV +																									
				CAP																									
				CHG																									
				GAIN																									
<b>BIG 5 - NORM'S PRESENT HOLDINGS</b>																													
9.5	1.5	17.0	17.0	CGM FOCUS SMALL CAP BLEND (CGMFX) <sup>1</sup>	1.19	0.22	3,709	26.98	-3.0	12.4	-6.4	-58.6	-4.6	7.1	-125	14	-313	20	-48.2	79.9	15.0	25.3	12.3	66.5	-17.8	47.7	53.9	8.5	
				800/345-4048 11 yrs Ken Heebner	9.96		25.25																						
				(requires \$2,500 Trust or \$1,000 IRA )																									
			14.0	13.0	EVERGREEN PRECIOUS METALS C (EKWCX) <sup>1</sup>	1.83	1.65	969	45.66	-11.4	5.1	15.1	-19.3	5.8	18.1	60	11	-31	15	-22.5	22.8	35.4	34.7	-6.5	65.6	71.0	24.9	-14.0	2.9
				800/343-2898 13 yrs Michael Bradshaw	4.90		52.53																						
8.5	5.5	15.5	15.5	ICON ENERGY FUND (ICENX)	1.16	7.94	493	14.26	-7.9	17.0	2.1	-38.4	-3.1	11.7	-55	13	-185	18	-33.4	38.8	9.6	41.9	38.2	32.7	-5.7	-3.3	78.7	50.3	
				800/764-0442 9 yrs Derek Rollingson	9.78		14.56																						
4.0	1.0	17.5	11.5	ISHARES MSCI BRAZIL INDEX FUND (EWZ)	0.70	2.16	8,418	34.99	-3.3	41.6	52.5	-37.6	14.1	32.6	146	9	-8	14	-54.6	74.8	43.3	52.5	34.2	113.0	-34.7	-19.5	-----	-----	
				800/474-2737	1.20		52.97																						
1.0	16.5	10.5	10.5	MATHEWS CHINA FUND (MCHFX)	1.23	5.94	1414	14.34	1.1	34.3	39.1	-6.6	18.5	18.4	174	9	119	12	-52.7	-29.1	13.0	58.8	23.5	33.3	8.2	71.1	-52.8	108.0	
				800/789-2742 10 yrs Richard Gao	1.48		19.94																						
16.1	13.5	<b>AVERAGE BIG 5</b>							<b>-4.9</b>	<b>22.1</b>	<b>20.5</b>	<b>-32.1</b>	<b>6.1</b>	<b>17.6</b>	<b>40</b>	<b>11</b>	<b>-84</b>	<b>16</b>	<b>-42.3</b>	<b>37.4</b>	<b>23.3</b>	<b>42.6</b>	<b>20.3</b>	<b>62.2</b>	<b>4.2</b>	<b>24.2</b>	<b>16.5</b>	<b>42.4</b>	
<sup>1</sup> Fidelity cannot buy but Midwest Trust Company can																													
<b>SOLD</b>																													
			19.0	17.0	BLACKROCK GLOBAL RESOUARES C (SSGDGX)	2.01	9.04	809	13.56	-10.2	32.0	25.1	-60.2	-11.4	9.1	-125	14	-276	20	-53.7	31.5	4.3	55.7	46.6	59.2	4.4	-3.5	82.8	14.7
				800/441-7762 9 yrs Dennis Walsh	8.81		16.96																						
6.0	6.0	17.5	17.5	CGM REALTY (CGMRX) <sup>1</sup>	0.85	0.22	894	16.23	1.4	30.5	-6.7	-52.4	-8.8	7.5	-133	15	-294	20	-46.8	34.4	29.0	27.0	35.5	89.7	3.5	5.1	29.2	2.6	
				800/345-4048 14 yrs Ken Heebner	4.94		14.96																						
				(requires \$2,500 Trust or \$1,000 IRA )																									
6.0	3.5	19.5	14.5	FIDELITY EMERGING MARKETS (FEMKX)	1.11	0.24	2,802	12.99	-1.2	36.3	32.0	-41.1	-2.6	13.0	-24	12	-136	17	-60.8	45.1	33.4	41.3	23.0	48.8	-6.9	-2.5	-33.0	70.5	
				800/544-8544 4 yrs Robert Von Rekowsky	1.56		17.15																						
1.0	22.5	16.5	16.5	GARMIN, LTD (GRMN)	0.75	4,771	19.17	14.2	12.3	24.3	-42.6	-21.2	7.3	-145	15	-221	18	-80.2	75.9	69.5	10.0	12.6	87.6	37.4	-----	-----	-----		
				Stock not Mutual Fund 913/397-8200	0.75		23.82																						
1.0	3.5	21.5	15.5	ING RUSSIA (LETRX)	5.75	8.08	314	13.88	-12.1	44.0	56.3	-56.3	-8.6	11.3	-65	13	-183	18	-71.5	30.7	67.5	70.9	5.9	75.9	24.7	80.3	-17.5	159.8	
				800/992-0180 8 yrs Jan-Wim Derks	11.59		21.69																						
3.5	8.0	17.0	14.0	ISHARES MSCI MEXICO FREE INDEX FUND (EWW)	0.97	619	32.16	0.8	35.6	14.8	-34.1	1.6	15.4	1	12	-121	16	-41.1	36.5	50.3	40.1	49.7	-21.5	-3.1	13.6	86.2	----		
				800/474-2737	1.05		36.88																						
5.5	20.0	16.0	16.0	MIDAS FUND (MIDSX)	2.58	0.09	103	2.12	-12.7	9.9	26.5	-46.0	-11.4	9.3	-95	14	-202	18	-60.7	31.5	44.0	39.7	-2.7	43.8	61.1	13.1	-38.2	-9.9	
				800/400-6432 7 yrs Thomas Winmill	0.01		2.64																						
2.5	2.0	17.5	12.5	PRICE LATIN AMERICA (PRLAX)	1.41	1.12	1,955	22.73	-1.0	46.3	47.6	-36.6	8.1	26.8	95	10	-37	15	-55.8	48.9	51.2	60.1	38.4	57.9	-18.1	-0.2	-11.2	59.4	
				800/638-5660 3 YRS Gonzalo Pangaro	2.25		33.55																						
6.5	4.0	20.0	17.0	US GLOBAL RESOURCES ALL CAP BLEND (PSPFX) <sup>3</sup>	1.30	1.32	609	5.26	-8.3	21.1	25.5	-59.8	-12.3	10.0	-126	15	-275	19	-62.1	40.0	22.2	49.0	30.4	99.6	17.8	-13.5	10.7	14.5	
				800/873-8637 16 yrs Frank Holmes	3.10		6.60																						
19.4	15.6	<b>AVERAGE SOLD</b>							<b>-3.2</b>	<b>29.8</b>	<b>27.3</b>	<b>-47.7</b>	<b>-7.4</b>	<b>12.2</b>	<b>-69</b>	<b>13</b>	<b>-194</b>	<b>18</b>	<b>-59.2</b>	<b>41.6</b>	<b>41.3</b>	<b>43.8</b>	<b>26.6</b>	<b>60.1</b>	<b>13.4</b>	<b>11.6</b>	<b>13.6</b>	<b>44.5</b>	

# Roth IRA (no taxes) is a must for you, your spouse and each child or parent- none want to be a burden to the other

(regardless of age or anticipated financial security past age 100 and in addition to any other retirement plans)

1. Contributions can continue past age 70 ½ if you meet income requirements – check with your CPA but generally is from earned income as long as adjusted gross income is below \$95,000 - \$110,000 single IRS filing or joint IRS filing \$150,000 - \$160,000.
2. No income tax ever on withdrawal of principal contributed or on earnings after 5 years if owner is at least 59 ½ .
3. No withdrawal requirements as to when and how much except beneficiaries must withdraw all in their lifetime.
4. Can name beneficiaries including grandchildren, which is generation skipping and one of few ways to avoid taxes to them.
5. Maximum contributions \$5,000 allowed if under age 50 and you have earned income of \$5,000 or more.
6. Investment of \$5,000 per year @ 20% would be worth: 10YRS \$155,750; 20 YRS \$1,120,100; 30 YRS \$7,091,300
7. Non-taxable withdrawals monthly not invading principal: 10YRS \$2,596 (155,750 x .20 /12); 20YRS \$18,668 (1,120,100 x .20/12);30YRS \$118,188
8. If you believe you have plenty of financial security, consider if you live to 100, costly medical expenses and 3.1% inflation per year past 60 years.
9. Don't rely on Social Security or Medicare or Company Pensions, which may not be in existence when you need them.
10. You can convert a Traditional IRA and pay no taxes if you did not deduct your yearly contributions to the Traditional IRA.
11. Call one mutual (page 7) for application but when it reaches \$50,000 call 800-343-3548 to open a Fidelity Brokerage Account and invest in another mutual for more diversification.

## 11 GOLDEN RULES

1. You can save \$13.70/day x 365 = \$5,000/year (max IRA from earned income or over age 50 = \$6,000/year) - your 30 year investment \$150,000 worth \$7.1 million @ 20%.
2. The best time to invest is when young or NOW but it's never too late (would you rather save \$1 now or wait 30 years requires \$47.30).
3. 20-30 years invested in IRA (Traditional or Roth) can be in addition to your 401(k) or other retirement plans.
4. Look for mutual funds under \$10 billion assets & with 3 years annualized average at least @ 20% Rate of Return (ROR).
5. Evaluate your mutual funds quarterly vs other funds with better 3 years annualized ROR or WEIGHTED SCORES (see page 7 footnote).
6. More ROR is more financial independence for your family or for your charity to afford more programs for their members.
7. Inflation 3.1% over past 60 years reduces future dollar purchasing power – add/yr 20% of ROR or 3.1% of Total Assets to principal to compensate.
8. New Prudent Investment Act passed Missouri & Kansas + 30 other states dictates diversification and investing in today's market opportunities.
9. Put aside enough funds in money markets for emergencies so as not to force selling your mutual funds that are invested for the long term.
10. Patience is a virtue – over time (see page 4) stocks always seek new highs in spite of up and downs vs \$1 100 years ago worth only 6 cents now.
11. "Yes, You Can Achieve Financial Independence" book by Jim Stowers, Chairman American Century Mutual Funds, 800.234.3445. Read Suze Orman's paper back books!

INVESTMENT	\$100*	40%	35%	30%	25%	20%	15%	10%	5%
5 years invested	500	1,532	1,344	1,176	1,026	893	775	672	580
10 years invested	1000	9,774	7,370	5,541	4,157	3,115	2,335	1,753	1,321
15 years invested	1500	54,098	34,390	21,747	13,711	8,644	5,472	3,495	2,266
20 years invested	2000	292,488	155,548	81,922	42,868	22,402	11,781	6,300	3,472
25 years invested	2500	1,574,608	698,828	305,344	131,849	56,638	24,471	10,818	5,011
30 years invested	3000	8,470,151	3,134,912	1,134,898	403,397	141,826	49,996	18,094	6,976

\$1,200 yearly minimum (\$100/month IRA required by most mutuals) is 12 times all figures on this TABLE

\$5,000 yearly maximum IRA required by IRS (\$416.66 monthly) is 50 times all figures on this TABLE

\$6,000 yearly maximum if at least age 50 (\$500 monthly) is 60 times all figures on this TABLE

**SEE PAGE 9 FOR NORM'S HISTORY MUTUAL FUNDS INVESTING SINCE 1970**



**NORM'S HISTORY MUTUAL FUNDS INVESTING SINCE 1970 (SHOWS CAN'T BUY & HOLD - QUARTERLY IMPROVE AVERAGE RANK IF CAN FIND BETTER REPLACEMENT)**  
 BEG/END NAV is Net Asset Value at the beginning of this year and at the ending of this current period

WEIGHTED SCORES = YTD % x 1/2 Weight + 1 YR % x 2/5 + 3 YRS % x 5/3 + 5 YRS % x 3/1 (compare S&P 500/other mutuals)

NORM'S 20% RATE OF RETURN (ROR) IS A GOAL - ACTUAL PERFORMANCE OF FUNDS WILL VARY

HISTORICAL RESULTS ARE 1 GUIDE TO CHOOSE WINNERS + 4 OTHER CRITERIA IN MY ARTICLES LAST PARAGRAPH

AVERAGE RANK IS WEIGHTED SCORES OLD RANK PLUS NEW RANK DIVIDED BY 2

				WEIGHTED SCORES (WS)										YEARS													
				ANNUALIZED					Old Long Term					New Short Term													
				ASSETS	BEG/	2ND Q	YTD	1 YR	3 YRS	5 YRS	3 YRS X 3	5 YRS X 3	3 YRS X 3	5 YRS X 3	1 YR X 2	1 YR X 5	WEIGHT	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
				(MIL \$)	END	2009	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	
12/29	12/31	12/31	06/30	AVERAGE RANK (see above footnote)																							
2006	2007	2008	2009	8776																							
10.5	11.0	16.5	15.5	Dow Jones Industrial Average																							
				903																							
10.5	11.0	17.5	15.5	S&P 500 INDEX is my Benchmark																							
				919																							
				15.9 3.2 -26.2 -8.2 -2.2																							
				-97 14 -151 17 -38.5 5.5 15.8 4.9 10.9 28.7 -22.1 -13.0 -9.1 21.0																							
				1 x -3.2 + 2 x -26.2 + 5 x -8.2 + 3 x -2.2 = -97																							

				BEGINNING (1970-01/16/96 26 years in this order) 50% EACH 1 MUTUAL + 10 PREFERRED CUMULATIVE STOCKS										RANK													
				ANNUALIZED					Old Long Term					New Short Term													
				ASSETS	BEG/	2ND Q	YTD	1 YR	3 YRS	5 YRS	3 YRS X 3	5 YRS X 3	3 YRS X 3	5 YRS X 3	1 YR X 2	1 YR X 5	WEIGHT	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
				(MIL \$)	END	2009	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	
9.0	11.5	18.5	16.0	FRANK TEMP/TEMP A GROWTH A (TEPLX) Templeton																							
12.0	9.5	19.5	15.5	FIDELITY MAGELLIAN (FMAGX) Peter Lynch																							
12.0	11.0	16.0	14.0	AIM HLTH SCI (GGHCX) GLHLTCR-A John Kawowske																							
13.0	9.5	18.5	15.5	AMERICAN CENTURY ULTRA (TWCUX) Jim Stowers																							
12.0	9.5	18.5	15.5	PBHG EMER (OBEHX) OLD MUTUAL STRAT SM CO C (OCSSX)																							
11.5	13.5	20.5	16.5	LEGG MASON VALUE TRUST PR (LMVTX) Bill Miller																							
11.5	11.0	18.5	14.5	AIM TECHNOLOGY INVESTOR CLASS (FTCHX) Bill Keithler																							
11.5	11.0	18.5	15.5	AVERAGE BEGINNING																							

				MISCELLANEOUS PAST HISTORY SINCE 01/16/96										RANK													
				ANNUALIZED					Old Long Term					New Short Term													
				ASSETS	BEG/	2ND Q	YTD	1 YR	3 YRS	5 YRS	3 YRS X 3	5 YRS X 3	3 YRS X 3	5 YRS X 3	1 YR X 2	1 YR X 5	WEIGHT	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
				(MIL \$)	END	2009	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	
11.0	15.0	21.5	18.5	ALPINE EQ USRE Y MID VALUE (EUEYX)																							
12.0	9.5	19.5	15.5	BLACKROCK GLOBAL RESOURCES C (SSGDY)																							
10.0	12.5	19.0	15.5	BRIDGEWAY ULTRA SMALL COMPANY MKT BLEND (BRSIX)																							
8.0	12.0	18.5	13.5	BRUCE FUND ANY CAP BLEND (BRUFY)																							
10.0	12.0	16.5	12.5	BUFFALO SMALL CAP GROWTH (BUFSX)																							
12.0	9.5	19.5	15.5	CALAMOS GROWTH C (CVGCX)																							
6.0	6.0	17.5	17.5	CGM REALTY (CGMRX)																							
10.5	9.0	19.5	15.5	COLUMBIA TECHNOLOGY (CTHCX)																							
13.0	12.0	13.5	13.0	EATON VANCE WW HEALTH SCIENCES C (ECHSX)																							
6.0	3.5	19.5	14.5	FIDELITY EMERGING MARKETS (FEMCX)																							
8.5	8.5	20.0	17.0	FIDELITY LEVDO CO STK MID CAP BLEND (FLVCX)																							
9.5	11.5	17.5	14.5	FIDELITY LOW PRICE SMALL BLD (FLPSX)																							
12.0	10.0	14.5	13.5	FIDELITY SELECT BIOTECH (FBIOX)																							
9.0	10.0	19.5	14.0	FIDELITY SELECT BROKERAGE (FSLBX)																							
13.0	11.5	20.0	14.0	FIDELITY SELECT ELECTRONICS (FSELX)																							
12.0	9.0	18.5	15.5	FIRSTHAND TECH VALUE (TFVQX)																							
1.0	22.5	16.5	16.5	GARMIN, LTD. (GRMN)																							
10.0	11.5	14.5	14.5	HEARTLAND VALUE PLUS SMALL CAP (HRVIX)																							
8.5	12.5	18.0	15.5	HEARTLAND VALUE SMALL (HRTVX)																							
12.5	11.0	20.5	17.5	HENLOPEN MULTI-CAP BLEND (HENLX) HENNESSY CORGRO																							
9.0	9.5	19.0	18.0	HODGES FUND ANY CAP BLEND (HDPMX)																							
12.0	10.5	19.5	15.5	ICON INFO TECHNOLOGY (ICTEX)																							
1.0	3.5	21.5	15.5	ING RUSSIA A (LETRX) 5.75% Comm + 2% not held 1 yr																							
7.0	7.0	18.0	14.0	ISHARES MSCI AUSTRALIA (EWA)																							
7.5	5.5	16.0	11.5	ISHARES MSCI MALAYSIA (EWM)																							
3.5	8.0	17.0	14.0	ISHARES MSCI MEXICO FREE INDEX FUND (EWW)																							
6.5	7.0	17.0	13.0	ISHARES MSCI SINGAPORE (EWS)																							
6.0	20.0	14.5	14.5	ISHARES MSCI SOUTH KOREA (EWY)																							
10.0	9.0	17.5	15.0	JANUS ENTERPRISE (JAENX)																							
11.0	8.5	18.5	14.5	JANUS MERCURY (JAMRX)																							
12.5	10.5	21.5	17.5	LEGG MASON GROWTH LARGE CAP (LMGTX)																							
9.0	9.0	18.0	16.0	MARSICO 21ST CENTRY LARGE CAP GROWTH (MXXIX)																							
8.5	7.5	19.0	14.5	MATTHEWS KOREA (MAKOX)																							
14.5	19.5	14.0	14.0	MEN'S WAREHOUSE (MW)																							
6.0	22.0	17.0	17.0	MEXICO EQUITY & INCOME (MXE)																							
5.5	5.5	20.0	16.0	MIDAS FUND (MIDSX)																							
3.0	12.5	19.0	16.5	MORG STAN INST; IN REA (IERBX)1 \$1M Initial required																							
9.0	13.5	18.5	15.5	MUTUAL FINANCIAL SVS-C (TMFSX) FRANK TEMP																							
9.5	11.5	19.5	14.5	PERRITT MICRO CAP BLEND (PRCGX)																							
7.0	10.5	19.0	13.0	PIN OAK AGGRESSIVE STOCK (POGSX)																							
2.5	2.0	17.5	12.5	PRICE LATIN AMERICA (PRLAX)																							
8.5	11.5	24.0	21.5	PROFUNDS ULTRA JAPAN (UJPIX)																							
8.5	13.0	22.0	21.5	PROFUNDS ULTRA SM CAP (UAPIX)																							
11.0	10.0	18.5	15.0	RS EMERGING GROWTH (RSEGX)																							
9.5	12.0	18.0	15.0	RS PARTNERS VALUE SMALL CAP (RSPFX)																							
9.0	10.5	18.0	15.5	RS VALUE MID CAP (RSVAX) WAS RS CONTRARIAN (RSCOX)																							
6.0	8.5	16.5	12.5	TOCQUEVILLE GOLD (TGLDX)																							
4.5	5.0	21.5	17.0	US GLOBAL EAST EUROPE SMALL GRTH (EUROX)																							
6.5	4.0	20.0	17.0	US GLOBAL RESOURCES ALL CAP BLEND (PSPFX)																							
3.5	6.5	18.5	14.0	US GLOBAL WORLD PRECIOUS MINERALS (UNWPX)																							
12.0	10.5	19.5	12.0	VAN KAMPEN EMERG GR C (ACEFX) CAP GROWTH C (ACPCX)																							
11.5	11.0	18.5	15.0	WASATCH CORE SMALL GRTH (WGROX)																							
10.0	11.5	19.5	15.5	WASATCH MICRO GROWTH (WMICX)																							
13.0	11.0	18.5	14.0	WHITE OAK GROWTH (WOGSX)																							
10.0	12.0	16.0	13.5	YACKTMAN MULTI CAP VALUE (YACKX)																							
10.0	8.0	18.5	15.5	AVERAGE MISCELLANEOUS																							

**MY LEGACY TO YOU – 4 PRINCIPLES TO ACHIEVE FINANCIAL INDEPENDENCE**  
**(NORMAN POLSKY, CHAIR-MAN, 913/469-6886 fax/phone) 06/22/09**

From “Yes, You Can...Achieve Financial Independence” 4<sup>th</sup> Edition book by James Stowers, Founder American Century Mutual Funds. Read these five pages first, then the whole book and pass it on to your parents and next generation so they don’t become a financial burden to you.

1. Page 56 – Its’ never too late or how much cash does it take monthly to provide what you want? The extraordinary power of compounding @ 16% (my goal is 20%).  
Age 20 \$1.57/mo x 12 x 45 yrs to age 65 = \$848 provides \$524,420 for 35 yrs to 100 @ \$1,251/mo @ \$1,245/mo forever  
Age 40 \$31.21/mo x 12 x 25 yrs to age 65 = \$9,363 provides \$524,420 @ \$1,245/mo forever  
Age 60 \$1,131/mo x 12 x 5 yrs to age 65 = \$67,860 provides \$524,420 @ \$1,245/mo forever
2. Page 137 – The value of a Dollar decreased 3.1% per year over the past 60 years. However, over time, the Dow-Jones Stocks have always sought new highs. \$1 theoretically invested in 1897 in the Dow would be worth \$11,220 at end of 1993, whereas the dollar of 1897 was worth only 6 cents at end of 1993. Your biggest risk is not the investment but in the declining purchasing power of the dollar!
3. Page 190 – The amazing results of consistent monthly investments of \$100 if you agree to go for 10 years and then sell. Which investment is best by 27% A or B? (see answer on page 192).
4. Page 209 – Importance of a well managed mutual fund A vs S&P 500 Index Fund (passive investing like buying the Vanguard 500 mutual fund 800.662.7447) and probabilities of receiving a 16% return from \$100 a month investment:  
5 years 54 probability Fund A vs 35 probability S&P 500 - Fund A is 54% better  
10 years 57 probability Fund A vs 39 probability S&P 500 - Fund A is 46% better  
20 years 74 probability Fund A vs 31 probability S&P 500 - Fund A is 139% better  
30 years 36 probability Fund A vs 0 probability S&P 500 - Fund A is infinitely better
5. Page 210 bar graph shows same results as page 209.

**Norm’s Strategies Mutual Funds Investing learned since 1970 in addition to Jim Stowers 4 Principles above.**

1. I stay fully invested as I cannot guess the market timing.
2. I cannot buy and hold any mutual if I can quarterly find a better replacement Mutual Fund then I do so.
3. I do not watch daily results of the stock market, which is like a roller coaster and can give you heart failure. I spend one day quarterly to evaluate each mutual in my portfolio and look for future replacements.
4. I do not rely on investment advisors – if they are so smart, why do they have to work? Don’t have a mind-set! Anyone can learn mutual fund investing (young or old, women or men).
5. I listen to Adam Bold, Suze Orman and Peter Newman as they do have good advice.
6. I believe most people will outlive their retirement funds with no Social Security or Medicare or Company pension plans! If you retire age 65, inflation 3.1% per year in 20 years has the purchasing power of only 38%. Work past 70 ½ to invest in a non-taxable Roth IRA \$500/month (\$6,000/year max allowed if you qualify).
7. I believe people should pay off bad debt credit cards, before saving to invest monthly for dollar cost averaging. Home mortgages are good debt as interest and real estate taxes are deductible and home values appreciate. .
8. In December I establish realized gains by selling the difference between market value and cost each Mutual and with those funds generated buy more Mutual Funds for better safety through more diversification.
9. I’m not concerned with tax consequences, commissions going in or annual costs-charges as long as my Rate of Return (ROR) is 20% or greater.
10. I buy Mutuals that invest in any Cap stocks for Blend (Value or Growth) and that have less than \$10 Billion Total Assets.
11. I do not invest in Mutuals without a 3 year history with a successful manager as today’s hot mutuals are usually next year’s losers. I strive for Mutuals doing better ROR than S&P 500 in up/down markets.
12. I do not invest more than \$100,000 in any one Mutual.