



STRENGTH IN NUMBERS

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A recent article in "Barron's" provided notable comments by Dr. Edward Yardeni, chief economist of the American investment firm, C.J. Lawrence. Mr. Yardeni predicted that as more investors come to realize the scant possibility of a rise in short-term interest rates in the next six to twelve months, those sitting on shortterm money-market instruments and deposits will feel increasingly uneasy. Consider this. Dr. Yardeni recently tallied all the monies sitting in U.S. savings deposits, money-market funds, time-deposits, and in securities with maturities under a year that are owned by the public. The sum that he came up with is staggering: \$US 3,400,000,000,000!

He concluded that if only a mere ten per cent of this 3.4 trillions moved out of money market instruments and into stocks and bonds it could trigger a buying panic in either market.

If you conclude that your investment alternatives such as money market instruments and real estate are offering diminishing prospects as compared to stocks, you might want to consider joining with some partners to form an investment club. Thus, the apprehension of 'going it alone' is shared.

For some budding investors, the formation of an investment club is an appealing method for participation and education in the stock markets. Investment clubs are a viable alternative to individual investing. Investment clubs have been popular since World War II.

This writer would hazard a guess that these clubs --- as well as individual investors --- have achieved their best investment performances in equities by investing at the tail-end of a recession as opposed to entering the markets at the height of an economic recovery. As North America continues

to exit, albeit unevenly, the recent recession, this may be a prime time for equity investments. Dr. Yardeni's comments above add sizzle.

An investment club is simply a group of like-minded individuals who wish to explore the ownership of stocks (equities) by investing pooled sums on a regular basis. The individuals garner an appreciation of the capital structure of companies and how they operate in market economies. The qualities and prospects of a company are researched prior to a purchase of shares. The nature of markets, the factors of time, of investor patience, and so forth, become appreciated.

An association exists to assist in the formation of an investment club. It is the Canadian Association of Investment Clubs. The CAIC has been encouraging and assisting investors in the formation of such clubs for decades. It is a non-profit, voluntary organization.

Its objective is to guide clubs in educating members with respect to equity investments; namely, common share ownership in public companies.

The CAIC's address is Suite 0116, Box 174, 65 Front Street West, Toronto, Ontario, M5J 1E6. The telephone number is (416) 488-2242. Mr. A.D.H. (Doug) Smith is the Chairman and Senior Advisor.

The aim is for a positive investment experience so that the individual club members may confidently 'solo' in the future.

Do you judge that now is the time for investing in shares? As a small investor, do you feel incapable of tackling the markets singlehandedly? Perhaps an investment club may be worth consideration.

Garry Beckman is a Financial Advisor with Midland Walwyn Capital Inc. He is the Ottawa area Associate of the Canadian Association of Investment Clubs.



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