Are You Beating the Market?

- What should you beat—Market Average
  - DOW Industrials – DOW 30 companies
    http://finance.yahoo.com/q/hp?s:^DJI
  - S&P 500 – large companies
    http://finance.yahoo.com/q/hp?s:^GSPC
  - Nasdaq 100 (QQQ) (^NDX)
    - Large companies—weighted in technology

Two Indices over last 10 years

- S&P 500 (SPY)
- Power Shares (QQQ)
Are You Beating the Market?

- How to find out
  - Two spreadsheets are available (free)
    - www.bob-adams.net
    - One Simple – One Detailed (spreadsheets)
    - Simple via Internet:
      - www.mymoneyblog.com/estimate-your-portfolios-rate-of-return-calculator.html

For more complete and in-depth reports on a portfolio use Portfolio Manager or Investment Account Manager

www.quantixsoftware.com

An introduction to the three tools

- Current portfolio only
- Initial Balance: $31.56
- Total Deposits: $0
- Total Withdrawals: $0
- Final Balance: $33.3
- Time period: 1 year

Your estimated annualized rate of return: 5.51%

Scroll down for Instructions

Instruction page

Type data into YELLOW cells

Current portfolio only

Simple

Annualized Return for the Portfolio: 16.4%

Super - You outperformed the market average

The accuracy in comparing the market average to your return is considered to be reasonably accurate. The amount paid in during the analysis period is relatively small in comparison to the total value.
### Detailed

**Type no data into white or green cells**

1. Enter the date of the most recent broker statement.
2. Set the analysis date—last 12 months or year to date. If 12 months is chosen get the value of the portfolio from the 12 months ago statement.
3. Click on the icon to update index values.
4. Enter your portfolio value on the date entered in step 1 above.
5. Enter each stock owned on a separate line. Enter the information requested in each cell.
6. Enter the CURRENT PRICE for each stock from your broker statement.
7. Enter any dividends—see broker statement. (Click the appropriate radio button to select the method given in the broker statement.)
8. Enter any deposits or withdrawals during the current year.
9. Enter the CASH VALUE THIS MONTH—taken from the broker statement.
10. At the end of each year determine the net Capital Gains from the 1099 or line 13 of your IRS 1040 and enter it here, starting with the year the portfolio began. (Enter the start date in the blue cell. The grey cells will fill automatically.)

To delete a company—select each cell or group of cells and press the Delete key. (Delete only company information, price and dividend column data.)
A Portfolio ANNUALIZED Return Tool

- Enter data since portfolio inception using the broker 1099 form for each prior year
- Or—Form 1040 Line 13

1. See your portfolio annualized return
2. Compare the return with the S&P 500

Determine CAGR for S&P 500
(Compounded Annual Growth Rate / Annualized Return)

www.moneychimp.com/features/market_cagr.htm

Three methods –
Simple to Advanced
Are You Beating the Market?

If not—invest in index funds NOT managed MF

A single index fund provides good diversification

But... Be aware of fees and costs

The Little Book of Common Sense Investing

John Bogle

Index Funds—pros/cons

- Not all are created equal

<table>
<thead>
<tr>
<th>Index 500 funds</th>
<th>Expense ratio</th>
<th>w/Load charges</th>
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<tr>
<td>Fidelity Spartan*</td>
<td>0.07%</td>
<td>None</td>
</tr>
<tr>
<td>Vanguard Admiral*</td>
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<td>Vanguard Regular</td>
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<td>T. Rowe Price</td>
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<td>Morgan Stanley</td>
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<tr>
<td>Wells Fargo</td>
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<td>Evergreen</td>
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<tr>
<td>J. P. Morgan</td>
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<td>1.30%</td>
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</tbody>
</table>

* Minimum investment and/or specified holding period

The Little Book of Common Sense Investing—Bogle p128
Index Funds—pros/cons

“For most investors buying an index fund over a long period of time makes the most sense.”

-- Warren Buffett

Welcome to Bobsite...

Posted on January 3, 2013

My great thanks to Brad Taylor of Chur.com for offering his server to host the site. What is Chur.com? Chur produces stock analysis software written specifically for the Mac, the only company analysis software I’m aware of written for the Mac. Identical software is available for the PC as well. A generous free trial period is offered.

Statistics: If you torture the numbers long enough you can get them to confess to anything. (Humor is a learning tool)

Who is Bob? Volunteer to speak at events throughout the country, speaking on a number of investor topics. If interested in a speaking visit, email me. If your Chapter qualifies, expenses of up to $500 will be paid by BetterInvesting.

An Introduction to Bobsite

“I live in beautiful Seattle and winter in warm Arizona.’’