

Investment clubs have sparked an active interest in Wall St. The bustle of activity on the floor of the New York Stock Exchange is not so remote as it once seemed to many people.



V	BSE	THI	GT	EAL	EFU	EMI	T	..APX.SLD	NCS	SW	FPL	J	J	THI	UPP	GPE	AMR	GA				
136	59 1/2	57	125	2s38 1/4	26 1/2	8	2s78 1/2	2s86 1/2	18 1/2	B-18	0 1/4	2s57	2s	1 1/2	B-49 1/4	0 1/4	2s47 1/4	2s47 1/4	56 1/2	8	4 1/2	26 1/2

A HEAVY WIND stripped a small Massachusetts church of its steeple two years ago. The congregation was too poor to rebuild, so a group of its members decided to contribute their own capital to a cooperative effort.

Paying only \$10 each per month, they began to meet regularly to study the stock market and to invest in stocks. Any day now, they are confident, their church will have its new steeple, bought with dividends and profits on their investments, and they will have their money back.

For several years now, people have been getting together to make money via investment clubs. Outstanding about the mushrooming growth of investment clubs, now estimated at 15,000, is that most of them are making money. This is no lucky accident. A part of almost every club program is an earnest study of corporations in which investment is proposed, a course in the fundamentals of business economics, and the help of a skilled financial advisor.

Probably the outstanding success is the Mutual Investment Club of Detroit. In 1939, when its members were students at Western High School, they formed a club, got a financial advisor, and embarked on a program. Since then, they have paid in about \$35,000. If they had chosen to sell out at the end of 1958, their assets would have totaled \$123,000.

Younger clubs have done well on many famous stocks. The United Investment Club of South Bend, Ind., organized in 1954; is composed of housewives and mothers. Their best buy has been a drug manufacturer, Schering Corporation, which they bought at \$27 per share. Their profit amounts to several hundred percent.

Red Arrow Associates of Rice Lake, Wis., is three years old and has 15 members who have contributed \$4,200 for stocks that now are worth more than \$6,000.

The Twenty-five Club of Oakland, Calif., was formed in 1955. Its profit tops 50 percent.

Not everyone, it must be noted, enters the Wall Street sweepstakes with complete dedication to solid principles. One jovial squad of bachelors, as their first step toward financial independence, chose to buy a race horse. When this noble steed put them in the red, they switched to another growth proposition, a young lady of some talent who aspired to movie queendom, and sent her to Hollywood. Unfortunately, she ran even more slowly than their thoroughbred, and they were soon reduced to the ignominy of investing in blue-chip stocks. Sadder and wiser today, they are now in the black.

One Detroit club called Midas failed for a strange reason: it was too smart. Its membership included such financial eggheads as a business professor, the comptroller of a department store, and a clutch of canny businessmen. So they studied stocks scientifically with graphs, charts, and curves. Finally, they decided to invest only in growth stocks, but they were so intellectual about it that they argued for hours about the definition of "growth." So it went at every meeting.

The result? "We got out of Parke Davis before it started to move," says George Moroson, a former member. "We sold Wrigley before it merged with ACF Industries and increased its value. We bought and sold like crazy, losing money on brokerage fees; while at the same time another club of nine girls we knew was making money hand over fist. One girl would see the '\$64,000 Question,' like the show, and get her club to buy Revlon stock. We felt this wasn't scientific and waited, and Revlon went up."

Midas folded and Mr. Moroson got back \$95 of the \$120 he put into it, but the girls kept investing and winning.

Luck plays a part in such profits, but a much

larger role is played by good judgment and training. This training comes to most clubs from the National Association of Investment Clubs, which was formed in 1951. Its advice:

1. Invest every month without fail.
2. Reinvest all dividends.
3. Buy growth companies.

George A. Nicholson, Jr., chairman of the NAIC Advisory Board and head of the investment-counseling department at Smith, Hague, and Co., Detroit, says: "We are confident that most members can accumulate \$10,000 or more in securities through their club. Such accumulations can be useful in providing stability for the family, educational opportunities, and a happier retirement."

THREE YEARS AGO, the New York Stock Exchange explored the movement and discovered:

Investment clubs exist in every state, with Michigan, New York, and Ohio leading.

Stocks owned by clubs have a value of more than \$50 million.

The average club has 15 members who invest \$10 per month.

Church and religious groups have formed almost 100 clubs; educational institutions, more than 200; fraternal orders and social groups, 1,166; community and neighborhood groups, 1,661.

All-male clubs keep better purchase records.

All-female clubs are better at buying good stocks at low prices.

"Men are gamblers out to make a quick buck," says New York investment counselor Spencer Grean. "But the women want that old washing machine."

Some Wall Streeters are afraid that a further decline in the market may stampede thousands of club members into dumping their stocks overnight. "Not at all probable," says Thomas O'Hara, chairman of the trustees of the NAIC. "We've lived through several slumps, and we find that members simply turn to a study of what companies in what industries are most likely to do best in a recession."

A Chicago broker complained, "These clubs invest only a couple hundred bucks a month, but they're constantly calling for reports on companies, advice, guest speakers, and other services. The commission isn't worth it."

On the other hand, a young broker, looking for new customers, said, "To a fellow like me, this is

Here is the inside story on investment clubs, which many families are finding the key to financial success—thereby sharing in the growth of American industry

GSW	BI	NTY	SOM	..CANCEL	LAST	OF
25	27 1/2	52 1/2	2s18 1/2	4 1/2		20 1/2

# LET'S GET TOGETHER AND MAKE SOME MONEY!

by Curtis Mitchell



A typical investment club is this one in Western Springs, Illinois, known as the "Wigs." The women members have their money in blue-chip stocks. In this town alone, 8 clubs exist.

a real promotion gimmick. I've done all right getting individual accounts from the clubs I work with."

Club members agree that being an investor is wonderful. A grandmother reports: "For the first time in my life, I'm able to take care of myself financially without having to fool around with a lot of bankers."

An old pro at investing says, "I'm sharpening my wits in every meeting and learning about new opportunities I might have missed. Doesn't cost me a penny extra."

As for the New York Stock Exchange, Keith Funston, president, is a missionary for more of what he calls "people's capitalism," or the public's ownership of American industry. Though one out of every eight adult Americans now owns stocks, he wants more. If those added investors are in clubs, that's dandy with Mr. Funston. "Investment clubs, when organized with a sincere desire to learn—not to get rich quick—offer a way for people to learn investing firsthand," he says. "When a club succeeds in developing regular, informed investors, everyone benefits."

Echoing his sentiment is this statement of its educational goals by the NAIC:

1. To provide investment-club training for millions of Americans, for wise investment is the life

blood of progressive capitalism.

2. To assist thousands of Americans to acquire \$10,000 in stocks, for personal security engenders self-reliance.

3. To help self-reliant people of other nations learn investing, for private ownership of local and world-wide business is the path to higher living standards and lasting peace.

AS NEVER BEFORE, the time is ripe for the average man or woman to begin to learn the art of investing. Free assistance is available. So is expert financial advice.

The next step is to follow the pattern of experience of other successful organizations. This pathway is clearly outlined in a manual that may be obtained from the National Association of Investment Clubs, National Bank Building, Detroit, Mich., and also in a volume at your bookstore, "How to Organize and Run a Successful Investment Club" by Raymond Trigger.

Many new clubs choose to affiliate with the NAIC because of its useful services. First-year membership costs \$10 for registration fee, plus \$1 dues for each member. In return, the club receives at cost an accounting kit, corporation analysis data, and a monthly bulletin. Membership in

NAIC also protects a club against loss, up to \$25,000, due to dishonesty of a member.

Once a year, NAIC holds a national convention calculated to satisfy the hunger of even its most ardent investors for facts, figures, and fancies. Last year, special trains, buses, and chartered planes carried entire clubs to Chicago for two days of study and high jinks. There, they listened to sober warnings that whatever goes up comes down, and to technical discussions on how to make money on that fact of life.

By night, clubs sat around tables in friendly groups and played the investor's favorite game of "If-I'da . . ." "If I'da bought Texas Instrument, I'd be rich." "If I'da only held onto my Thiokol . . ."

Edmund W. Tabell of Walston and Company, Chicago, in delivering an address on "The Outlook for the Stock Market," provided two of the biggest "If-Ida's" of all time. He spoke of an imaginary investor with \$10,000 who, if he bought "Standard Oil of New Jersey in June of 1949, held it until January, 1952, switched into General Electric, held it until August, 1954, bought Aluminum Company of America, sold it in May of 1956 to buy IBM, which he could have sold in June, 1957, and bought Parke Davis, his \$10,000 investment would have reached a 1958 value of \$496,000 after paying all taxes on previous transactions."

He then added this topper: "If the investor had put his \$10,000 into Dana Corporation in June of 1949, held it until April, 1953, then switched into Outboard Marine until June, 1957, and then into Lorillard, his holdings would have a value of \$1,500,000."

From \$10,000 to \$1,500,000 is quite a leap, and Tabell was making a valuable point, of course. "The only thing these fantastic figures prove," he said, "is that there are more profit opportunities in selecting the right individual issues than in attempting to catch the swings in the market."

No wonder investment clubbers come home from such meetings filled with determination to uncover the future Lorillards, Outboard Marines, and Danas. No wonder clubs show greater skill the longer they work together, and their profit swells in relation to their experience.

No wonder, indeed, that new clubs are springing up wherever people work and live and have \$5 or so left at the month's end to invest in the dream called America.

## STOCK EXCHANGE ENDORSES CLUBS

"Investment clubs are effectively putting ownership within the reach of many, and they are doing it in a way that is practical and educational. By their size, soundness, and success, these clubs have earned a significant place in our arsenal of investment techniques—particularly for the apprentice investor."

—Keith Funston, President, New York Stock Exchange

