

Looking for Eleph



AAII – San Diego
Fred Richards, Strategic
Investing



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Fred Richards.

Acknowledgements

- We gratefully acknowledge the data provided by various sources in this presentation and have identified on each chart the source from which the charts were obtained.
 - Charts are courtesy of Stockcharts.com, Haver Analytics, The Wall Street Journal, Dow Jones, Inc., Halkin Services, Finviz, Martin Capital, Kitco.com, High Growth Stocks, Econoday, Prudent Bear, Simon Hunt Strategic Services, ProFarmer.com, GaveKal, ZeroHedge, Prudent Bear and/or Big Charts.
 - Special thanks to Market News International and Haver Analytics.
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- Current Agricultural data courtesy of ProFarmer.com
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What is an Elephant?

- It is not ...

- This is ...




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STRATEGIC INVESTING

A Service of Adrich Corporation

Strategic Investing focuses on stocks with increasing revenues and profits.
KISS + SF!™

A portrait of William T. Golden, an older man with white hair and glasses, wearing a dark suit, white shirt, and red tie. He is positioned on the right side of the banner, with a background of a financial data table.

Keep It Safe, Simple & Stay Focused!™

“Only Buy Stocks with Increasing Sales,
Increasing Profits and Positive Cash Flow!”

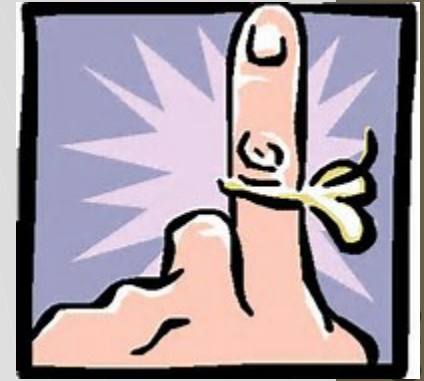
William T. Golden

Strategic Investing “A+190”



- Accumulation/Distribution = A
- EPS rating > 95
- RS rating > 95
- Composite > 90, or ERG >240

Always Remember



- Don't fight the Federal Reserve
- Don't believe any Government Data Set
- Markets are based upon Emotion not Facts
- Perception is what counts!!!
- Be ready for Black Swans to occur
- *Trading is different from Investing!*
- Never trade bonds except for the short-term!
- Options/derivatives have a time factor component
- Always have a Plan "B" and/or Plan "C"
- Buying companies with increasing sales, increasing earnings and positive cash flow works in the long run!

Opportunity Always Exists ...

- **The Real Question –**
 - **Are you going “Long” or “Short”!**
- **It is easy to acquire a position.**
- **The most critical decision is when you close the position.**

What are You?

Investor or Trader?

Are you a P.P.F.?



What's your Niche?

- Individual Investor or a “P.P.F.”?
 - *Pied Piper Follower*
- Active or Passive
- **Growth vs. Value**
- ***Income/Dividend***
- Large, Medium or Small Portfolio
- Small Cap vs. Large Cap
- Aggressive vs. Conservative
- Bottom Fisher – Trend Follower
- What's your risk/performance metric?

Investing vs. Trading

- **Long-**

term -

Do you ...

- Have a financial advisor?
- Invest in mutual funds, index funds and/or ETF's?
- Believe in diversification?
- Follow the crowd Lurk in chat rooms ...
- Day trade on 5 and 10 minute charts
- Look for Cross-overs, Break-outs, Reversion to the Mean, etc?
- Understand how MACD and /or Fibonacci works?
- Look for out-performing stocks, sectors or indices
- Have changed your investment strategy and goals more than once in the last few weeks?

Click icon to add picture



**That is
most
trading!**

Are you seeking bugs and fleas?
• The answer determines your long-run investment success

Are you elephant hunting?



9 April 2016

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Slide 15

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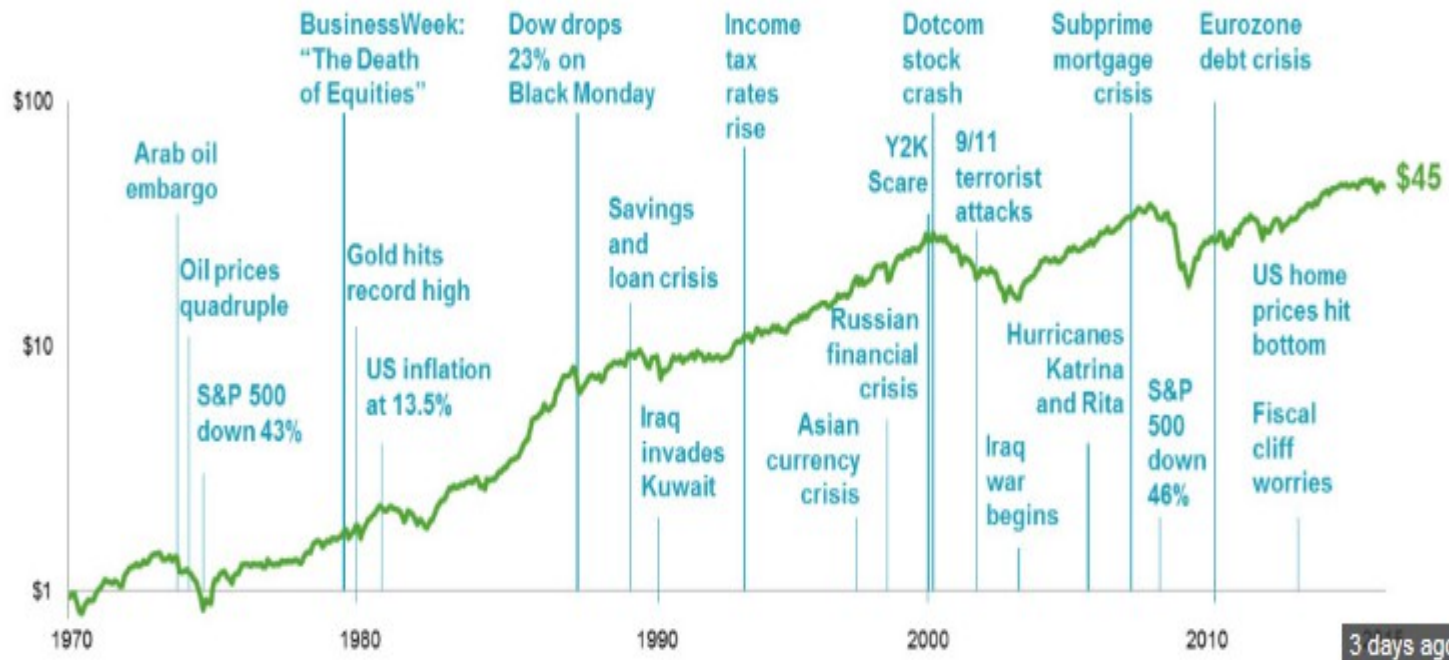
arkets

Hunting Elephants

We are long-term investors!

Markets Have Rewarded Discipline

Growth of a dollar—MSCI World Index (net dividends), 1970–2015



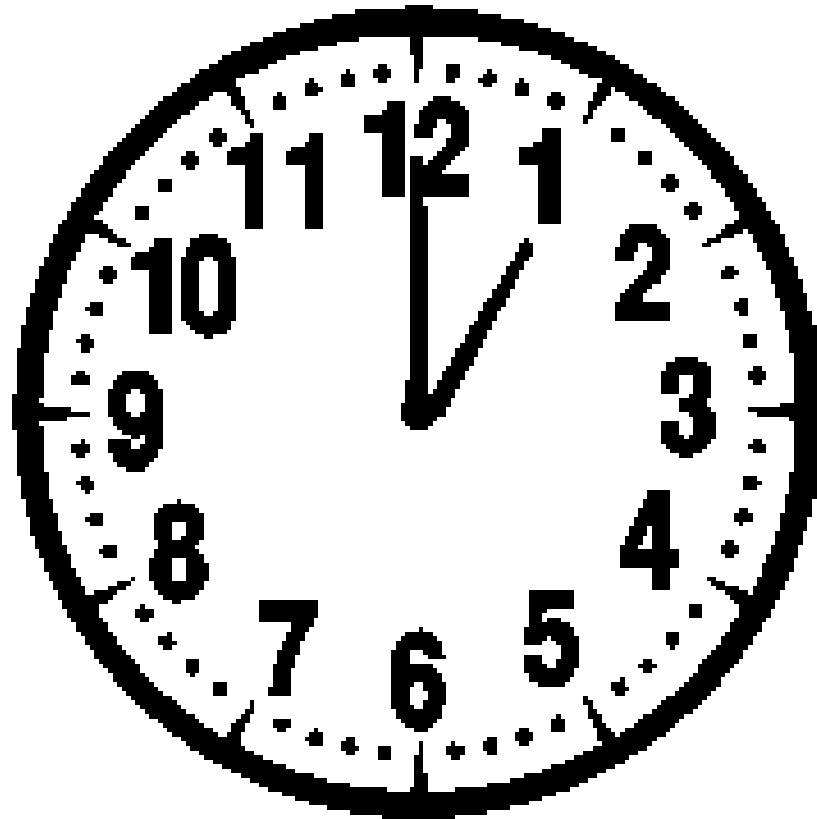
What are Elephants?

- Companies that change the world!
- Have a mass-market impact!
- A leading company with barriers to entry by competition.
- Initially, a company with a capitalization under \$50 million.
- Have the potential to increase your net worth multifold!

How do you find them?

- Be observant
- Write-down things that “bug” you.
- Are there solutions for those bugs?
- Will there be a mass-market opportunity?
- Does it change the mass dynamic?
- Can the product and/or service be up-scaled?
 - Is management team vital and in place?
- Are there regulatory challenges or protections?
- Does it have barriers to competition?
 - If so, what are they?

Timing is everything!

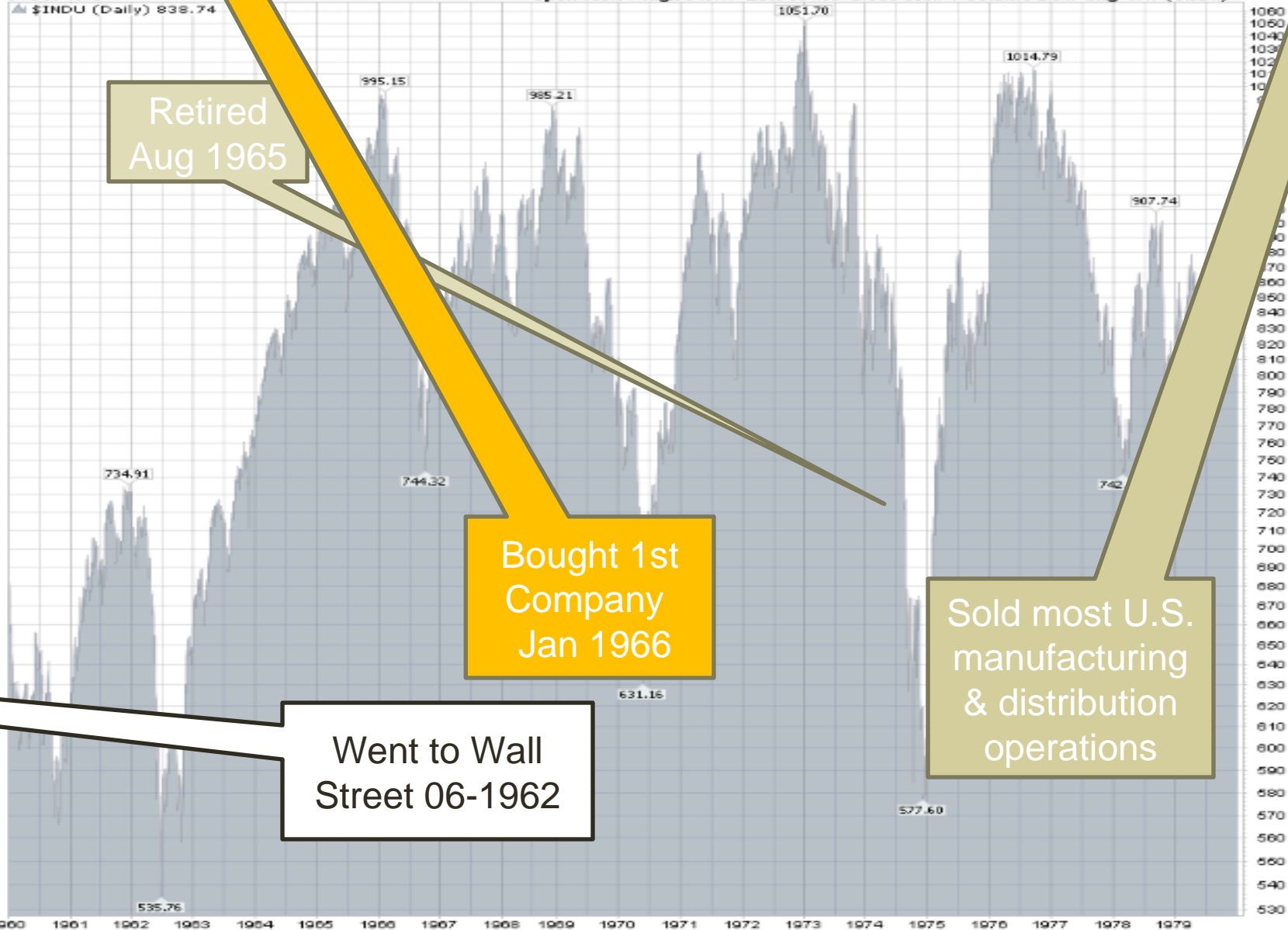


1 0'Clock

Dow Jones Industrial Average (1960 - 1980 Daily)

\$INDU (Dow Jones Industrial Average) INDX
31-Dec-1979

Open 838.91 High 843.17 Low 834.39 Close 838.74 Volume 2.3M Chg -0.17 (-0.02%)



Retired
Aug 1965

Bought 1st
Company
Jan 1966

Went to Wall
Street 06-1962

Sold most U.S.
manufacturing
& distribution
operations

\$INDU Dow Jones Industrial Average INDEX

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8-Apr-2016

Open 17799.39 High 17806.38 Low 17484.23 Close 17576.96 Volume 2.0B Chg -215.79 (-1.21%)

\$INDU (Weekly) 17576.96

MA(50) 17267.15

MA(200) 16000.08



Early Elephants -

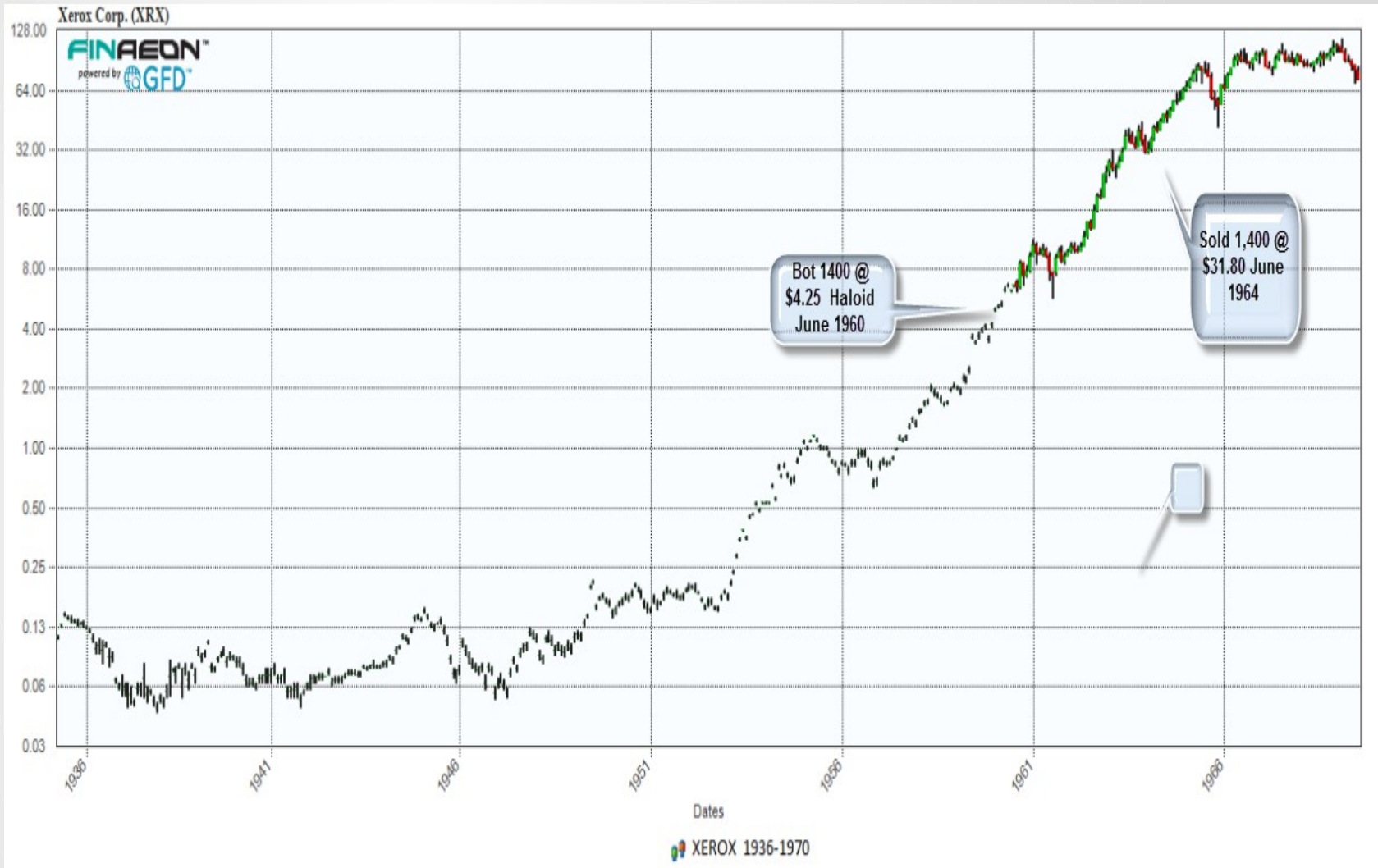


How did we find them?

- Always be observant of the world around you.
- Be aware of changing trends among the younger generation!
- Stay abreast of new innovations
 - Read scientific magazines
 - Attend trade shows
- Listen to George Gilder & other futurists
- Keep track of what bugs you?
 - Who has a solution ...



Haloid (Xerox)



The Early Elephants - What was the key insight?

- Dirty Hands
- Fundamental Research
- Hand-held calculator
- Mothers with children
- Home-party margins

A few of the Early Elephants

- 1960 – Haloid (Xerox)
 - 648% gain
- 1962 – United Carbon
 - 1350% gain
- 1962 - Texas Instruments
 - 180% gain
- 1963 - McDonalds
 - 330% gain
- 1963 – Tri-Chem Products
 - 525% gain

Criteria ... Company or Product!

- Does it change the world?
- Does the company have a competitive advantage?
- Are sales expanding?
- Is net cash f bw positive?
- Is the management ethical?
- Would you invite them home?
- Do you trust the accountants?
- Are you comfortable owning it?

A Few Recent Elephants

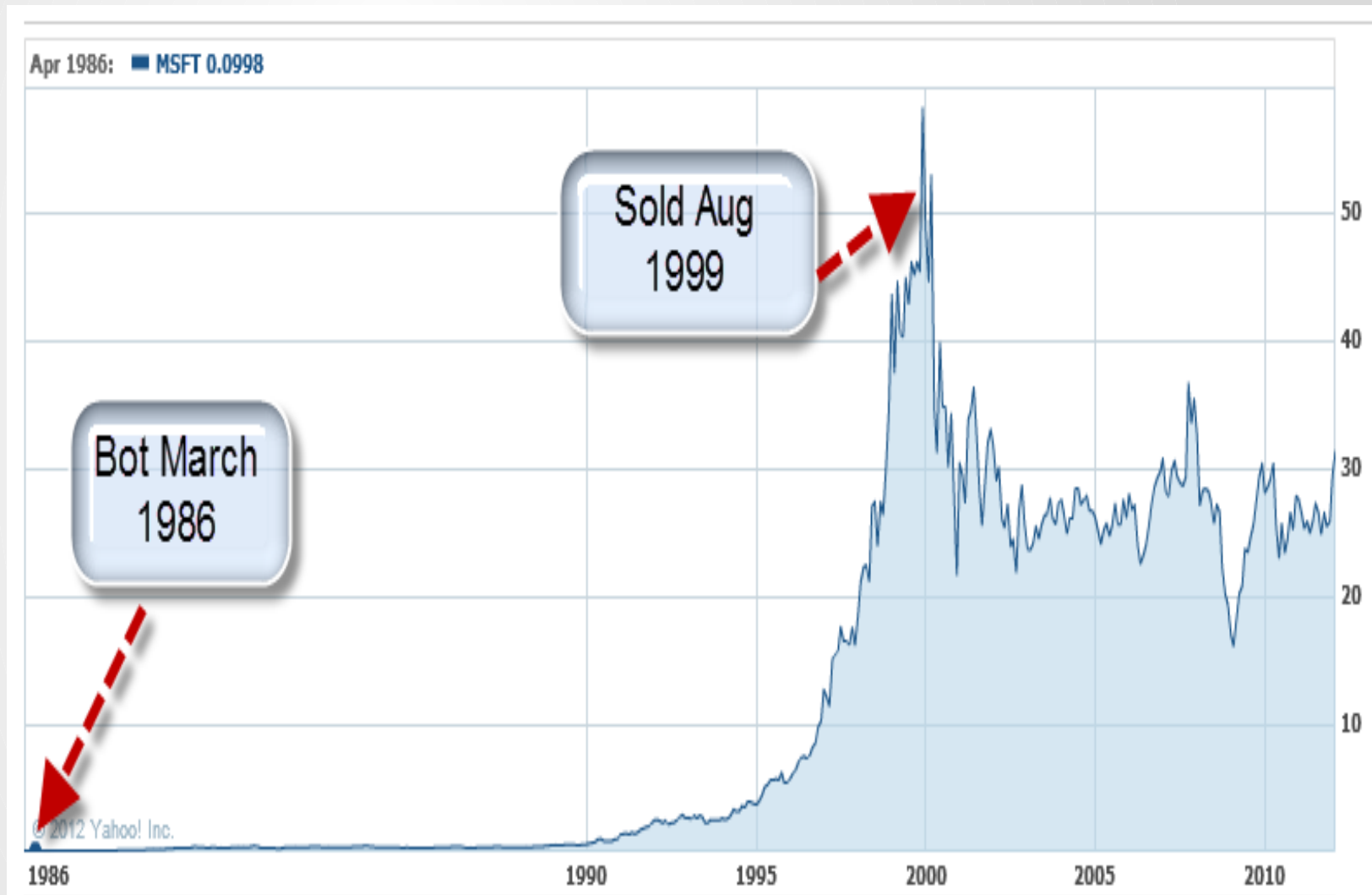


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MICROSOFT - MSFT



Costco

COST Costco Wholesale Corp. Nasdaq GS

8-Apr-2016

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Open 157.87 High 159.09 Low 150.92 Close 151.65 Volume 12.5M Chg -5.93 (-3.76%) ▼



Agnico

AEM Agnico Eagle Mines Ltd. NYSE

© StockCharts.com

8-Apr-2016

Open 35.09 High 38.91 Low 35.09 Close 38.47 Volume 12.1M Chg +2.31 (+6.39%) ▲



GOLD - Physical

\$GOLD Gold - Spot Price (EOD) CME

© StockCharts.com

10-Sep-2015

Open 1133.80 High 1147.30 Low 1100.10 Close 1109.30 Volume 854.8K Chg -24.80 (-2.17%) ▼



MASTERCARD - MA

MA Mastercard NYSE

8-Apr-2016

Open 93.46 High 95.92 Low 93.04 Close 93.79 Volume 24.1M Chg -0.52 (-0.55%)

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MA (Monthly) 93.79
 MA(8) 93.30
 MA(20) 89.62
 MA(50) 71.13
 MA(200) undef
 Volume 24,080,358



**Bot @ \$47.74
 within week of IPO**

**Added 50% to position
 after selling Visa**

TRACTOR SUPPLY

TSCO Tractor Supply Co. Nasdaq GS

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8-Apr-2016

Open 90.3800 High 92.0000 Low 86.4400 Close 86.9000 Volume 4.8M Chg -3.5600 (-3.94%) ▼



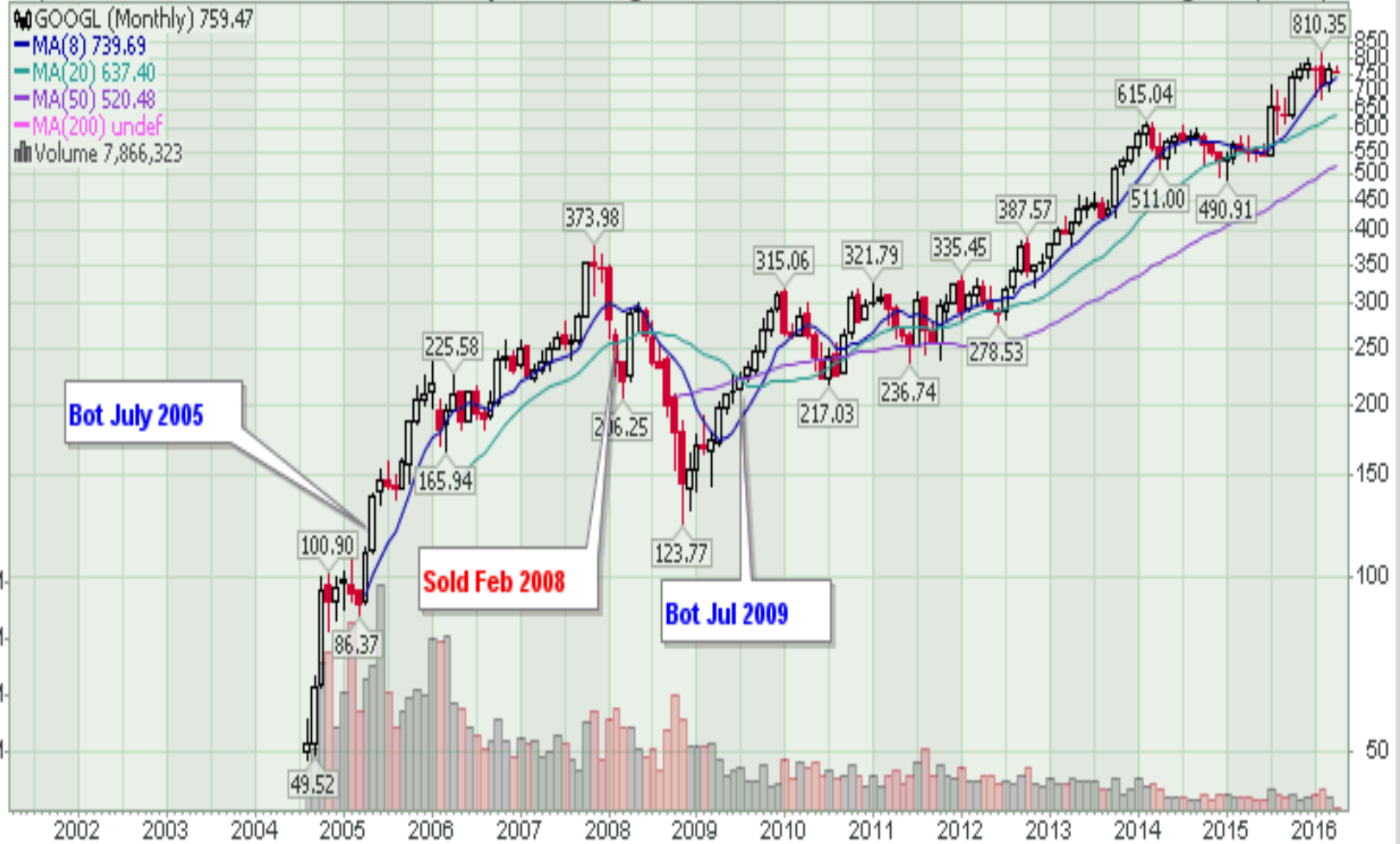
Google

GOOGL Alphabet Inc. Nasdaq GS

8-Apr-2016

Open 757.16 High 772.44 Low 755.20 Close 759.47 Volume 7.9M Chg -3.43 (-0.45%)

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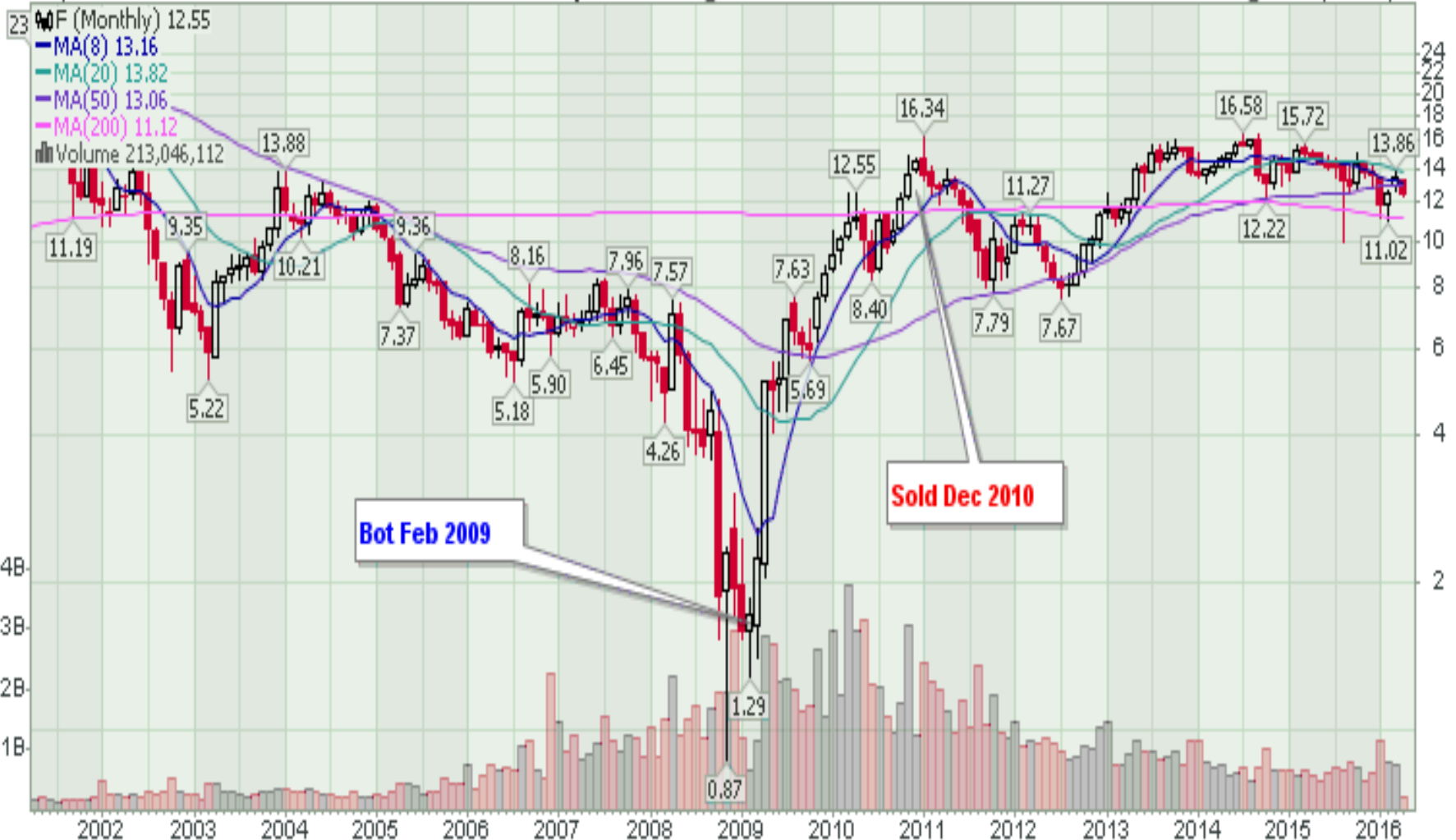
Ford

F Ford Motor Co. NYSE

8-Apr-2016

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Open 13.28 High 13.33 Low 12.39 Close 12.55 Volume 213.0M Chg -0.95 (-7.04%) ▼



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Who is the biggest elephant?



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Looking into the future ...



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Future Elephants?



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Biotechnology

- DNA & Bio-Tech dealing with Regenerative Tissue
 - Stem Cell research to add years of life
 - DNA and Stem Cell research to cure various diseases.



EMP (Electro-Magnetic Pulse)

- EMP Protection
 - Protection of all digital-stored media



Cybersecurity

- Prevention of hacking and falsification of data
- But remember “Privacy has been dead since 1980.”

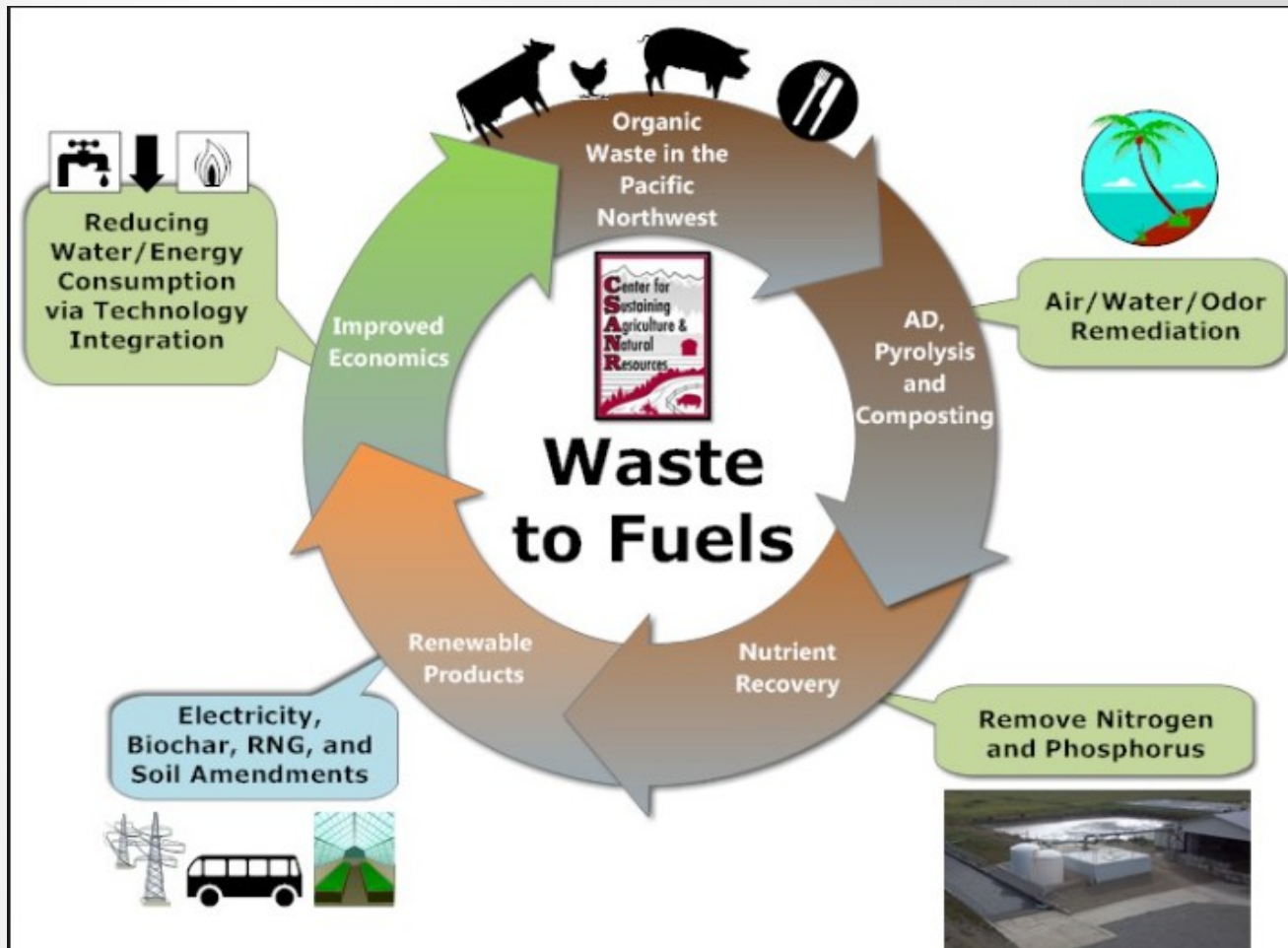


Automation of Food-Growing Processes

- Food factories – Lettuce, Carrots, Radishes, Potatoes, etc.



Waste Reduction & Conversion



Star-Wars Transportation

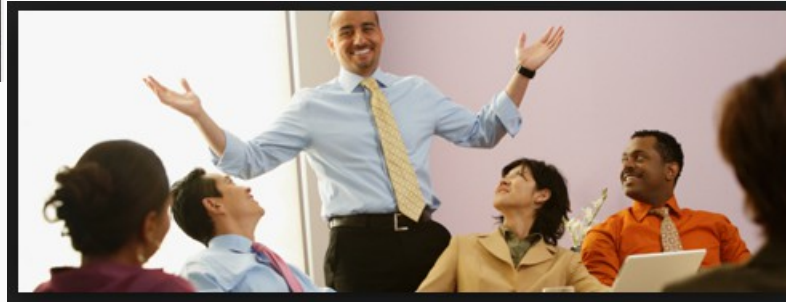
- Cell separation and regeneration at a different physical location via networks either physical or using non-physical phenomena.



The Biggest Challenge To Our way of life!

“Future Activity”

- Activities that replace “meaningful work” for 9 billion people as automation replaces workers at all levels.



Or My Favorite



Before Closing with a few words ...

Successful Investing is really simple!

Buy Stocks with Increasing Sales,
Increasing Profits,
And Positive Cash Flow!

- www.adrich.com
- www.strategicinvesting.com

• Fred Richards
That's All ...