

# Out for Profit Investment Club Welcome Kit



[www.outforprofit.org](http://www.outforprofit.org)

## Introduction

Welcome to Out for Profit (OFP), the first socially-responsible, openly-LGBT Investment Club. The primary purpose of OFP is to educate members about investing and to make money in a socially-responsible way. This Welcome Kit is to help new and prospective members become better acquainted with the Club's operations, investment philosophy and policies.

## Club History

Over ten years ago, several members of the New York Bankers Group decided it was time to form an investment club, taking LGBT issues into consideration for its stock selections. OFP formed using the methodology suggested by the National Association of Investors Corporation (NAIC).



Some of our members came from Wall Street and wanted to get more involved in the LGBT community. Others had been activists but wanted to learn more about investments. The synergy worked. OFP became a vehicle to learn about investing and to foster a friendly environment to help others succeed with their investing.

## Our Goals

### **1) To enhance each member's knowledge of the principles of sound and prudent investing.**

We seek to encourage all members to undertake personal investment programs that address their financial planning objectives in connection with their longer term well-being.

**2) To develop a diversified portfolio of equity investments** that provide a means through which lesbian, gay, bisexual and transgender (LGBT) people can invest funds and thereby accumulate capital in a mutually supportive environment that is cognizant of issues important to our community.

**3) To double the value of our investments in five years.** We do not actively trade stocks, but consider ourselves long-term investors.



**4) To work and advocate for social change and equality for LGBT people** by researching and contacting prospective companies' practices toward LGBT people. Decisions on investment are informed by potential for superior returns as well as by companies' behavior and/or policies (implicit or explicit) toward LGBT people individually, or as a community.

## Investment Philosophy

OFP adheres to the investment philosophy of the National Association of Investors Corporation (NAIC). NAIC encourages its members to follow **four principles of investing**:

- **Invest a set amount regularly**, usually monthly, regardless of market conditions, with a focus on long-term appreciation.
- **Buy the stocks of growth companies**, whose sales are increasing at a rate faster than the market as a whole.
- **Create a diversified portfolio** by investing in different industries and companies of varying market capitalization.
- **Reinvest** all dividends and capital gains.



## Steps to Becoming a Member of OFP

To become a member of OFP, it is necessary to attend one of our open meetings (to be determined by OFP members) Then, prospective members must attend a minimum of two additional Club meetings. This gives you a chance to fully understand how the group works and the commitment involved. It also gives us a chance to get to know you. If you decide to join, on the third meeting Club members ask you questions and vote on your induction.



Once you are a new member, you will sign a binding partnership agreement and make an initial minimum investment of \$500. This is not a fee, but is your first investment in the OFP portfolio. This amount ensures a substantial commitment to the Club without being overly prohibitive.

After the initial investment, members commit to making a monthly investment of at least \$55 due at the monthly meeting.

We expect each member to attend all meetings. But if unable, it is your responsibility to set up an online transfer or mail a payment to the Treasurer and be post-marked no later than the day after the meeting. (A \$15 penalty will be charged for late payments. In addition, no member's holdings can exceed 20% of the Club's total holdings.)

Once a member of OFP, you will also become a member of NAIC. This will give you access to the **MyClub** – an online resource for club accounting, operations, communications, planning and file sharing. You can learn more about this site by visiting [www.naic-club.com](http://www.naic-club.com). Members of OFP will also receive a monthly copy of NAIC's informative magazine, *Better Investing*.

## Attendance

**We encourage full and active participation in meetings and research.** However, exceptions to meeting attendance have been made in certain, rare situations. Members become inactive when they have missed three consecutive meetings within a one-year period, or have not made monetary investments to the partnership for three consecutive months. Inactive members forfeit their right to vote. Membership can be reactivated by attending a meeting and by paying all outstanding monetary investments, including late payments penalties.

A member may withdraw funds, in part or in total, on a quarterly basis. For a voluntary withdrawal, the member will receive 95% of the value of his/her shares less any associated fees if the member withdraws within two years of joining the Club. After two years, the member will receive the full value his/her share less any associated fees. (See Partnership Agreement for more details.)

If a member is inactive, an officer will call them to notify him/her that he/she will be cashed out. After he/she has missed or not paid for five consecutive months, an officer will send the inactive member a letter and, if the member has not become active by then, he/she will be cashed out, by involuntary withdrawal. For involuntary withdrawals, the withdrawing member shall receive 85% of the value of his/her share less any associated fees.

## Identifying, Researching and Purchasing Stocks

OFP uses the well-respected **Value Line Investment Survey** as a comprehensive source for stock research and analysis. Members can also use comparative analyses from Morningstar and other sources of trusted financial research. New members are trained on the use of NAIC software to analyze stocks (see page 4). To allow all members to be fully prepared for an upcoming meeting, we suggest that all analyses of current or potential stock investments be uploaded to the Club's NAIC website ([www.naic-club.com](http://www.naic-club.com)) in advance.



Stocks must be formally presented to the membership using the NAIC's guidelines. In addition, the presenting member is responsible for including a report on the proposed company's sensitivity to issues important to the LGBT community through the following methods:

- 1) using a questionnaire developed by the Compliance Officer,
- 2) obtain the company's LGBT policy through direct verbal contact or through the company's written policy as may be provided in investor publications, website, or
- 3) referencing a third party evaluation on the proposed company's LGBT policy.

**The Club does not consider buying or selling a stock for which the Club has not received updated information that conforms to the NAIC's guidelines.** The Club then votes on the purchase or sale of the stock(s). Buy-Sell stock decisions require a majority vote of all active members present at an official meeting, including proxy votes. The Treasurer will not execute any buy-sell orders on a stock if notified of a compliance conflict.

## **Investing Software**

OFP uses NAIC's **Investor's Toolkit** to identify and analyze promising stocks. While this software is relatively simple to learn and use, it has powerful tools for the beginning to experienced investor. You will be able to analyze stocks with the help of this systematic and fundamental approach.

The utility of Investor Toolkit can broadly divided into two categories: tools that help us choose stocks for investment, and tools that help us manage the portfolio. It even allows for an easy and quick ability to import earnings data directly from the Internet. The Club will guide you on obtaining and using this software once you are a member.

## **Meetings**

The Club meets once a month, usually the second Wednesday evening, for approximately two hours at a pre-announced location.



Before a meeting is considered official, a quorum – a simple majority of active members either by way of actual physical presence or by way of proxy – must be present. In addition, no investment decisions may be made without a quorum. All administrative and investment decisions will be made by a simple majority vote of active members present.

Following the structure laid out by **Robert's Rules**, meetings are run in a friendly, but semi-business like manner. **We encourage members to take an active participation in discussing and deciding on all matters on the Club's agenda.**

## **Elections of Officers and Responsibilities**

Officers are elected by a simple majority of all active members present at an official meeting. The terms of office are one year. Officers of the Club consist of President, Vice President, Treasurer and, Compliance Officer and Marketing Officer.

**The President** presides over meetings, sets meeting dates and locations, appoints committees and sees that resolutions passed by the partnership are carried out.

**The Vice President** is primarily focused on ensuring that the Club's study program is properly carried out. The Vice President may assign companies to report on at club meetings to each member, and fills in when the President is absent or incapacitated.

**The Treasurer** pays bills for costs incurred by the Club, as well as keeps a record of the Club's receipts, disbursements and members' interests in the Club. The Treasurer gives members receipts for payments, places the buy and sell orders authorized by the members with the Club's broker, and prepares the Club's valuation statement on a monthly basis. The Treasurer also compiles the necessary annual information for tax purposes. Also, an audit committee will be appointed to conduct an audit of the Club's books on an annual basis.



**The Compliance Officer** ensures that the companies presented to the members meet compliance and LGBT requirements, and assist members in their correspondence with companies to achieve this goal. We continue to evaluate and discuss better ways to advocate for beneficial policies for the LGBT community.

**The Marketing Officer** manages the Club's outreach to the community, to companies, and to individuals. In this regard, the Marketing Officer reviews and approves all marketing materials (web pages, brochures, press releases, etc.) to the extent such materials are approved for release by the Club. The Marketing Officer also manages and handles either personally or through a designated individual, public relations of the Club and other related activities.

**We hope you enjoy becoming an active and participating member of Out for Profit. It is our mission to use what we learn together about investing and take even more control of our financial future!**

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