

The



to

guide worry-free investing

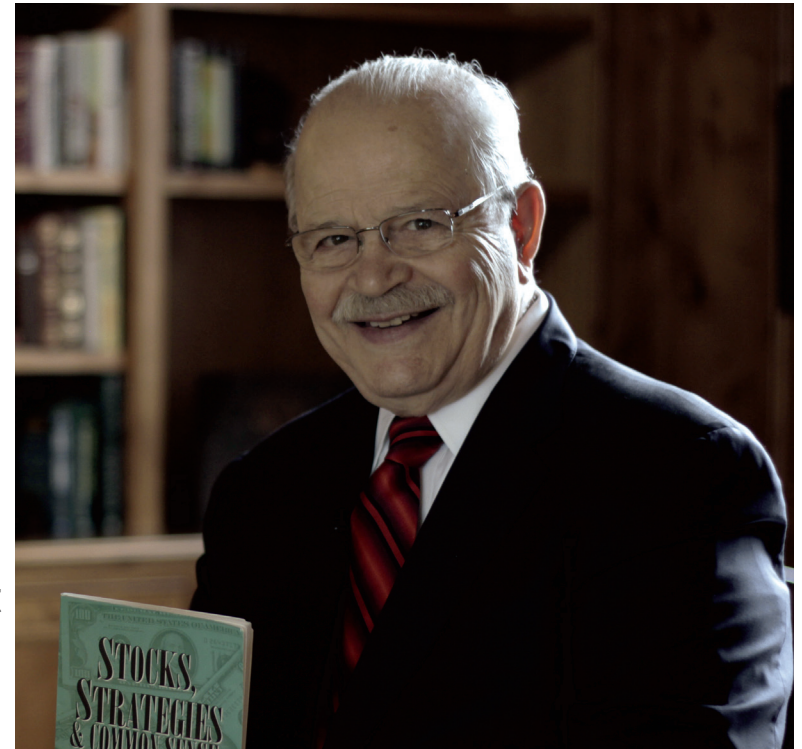
by Dr. Bart A. DiLiddo

Generating Income Via Worry-Free Investing

“The ultimate solution to a satisfactory retirement is to just keep making money. Investors can make money from the comfort of their homes via capital appreciation and by generating income.

We have been teaching investors how to generate steady, reliable income for many years now, but we have never been more confident in the efficacy of our training than we are with Worry-Free Investing.”

—Dr. Bart DiLiddo
Creator of VectorVest



THE VECTORVEST GUIDE TO WORRY-FREE INVESTING

You don't have to take major risks to make a lot of money in the market.

Does that sound impossible?

Not if you learn to *minimize downside risk, spread it, and limit it.*



Minimize Risk

The way to minimize risk is to **buy high Relative Safety (RS), “Buy” (B) rated stocks.**

These stocks are already going up in price and have well established track records of consistent, predictable growth. They do well in good times and bad.

You can combine the safety of investing with the power of compound interest by buying high RS stocks with growth rates greater than the sum of current inflation and interest rates.

This is the way to accumulate real wealth.

Spread Risk

The way to spread risk is to *diversify, diversify, diversify*.

Diversity in **what** you buy **and when** you buy.

Buy at least 10 different stocks in 10 different industries. In this way, if something happens to one stock or one industry, your portfolio will not be mortally wounded.



Limit Risk

The way to limit risk is to use **“Stop-Sell” Prices**.

If your average Stop-Sell Price is 10% below the current market price of your stocks, your total portfolio risk is only 10%. If you have at least 10 stocks in your portfolio, your risk on any single stock is *only 1% of your portfolio*.

The best thing about using a Stop-Sell Price is that once the Stop rises above your purchase price, you should never lose money on that stock.

How many investments can you think of that have the upside potential of stocks with such limited risk exposure?

The ABC's of Worry-Free Investing

A. Buy High Relative Safety “B” rated stocks

- ✓ Buy stocks with an RS greater than 1.00, the higher the better!
- ✓ Favor “Buy” rated stocks with the highest combination of Value-Safety-Timing (VST).
- ✓ Favor stocks with growth rates greater than the sum of current inflation and interest rates (RV greater than 1.00).



Risk
Safety

B. Diversify in What and When You Buy.

- ✓ Do not put more than 10% of your funds into any single stock.
- ✓ Do not own more than two stocks in the same industry.
- ✓ Do not plunge into the market all at once. Spread your investments over time.



C. Use Stop-Sell Prices.

- ✓ A suggested Stop-Sell Price is given for every stock, every day.
- ✓ Once the Stop-Sell Price has gone above your purchase price, you should not lose money in that stock.
- ✓ Sell low RS, “S” rated stocks.

Return to Step A.



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