Mr. Cogdell remained active in retirement and successfully managed a stock portfolio from his home office. He generously provided the college with a listing of the rules by which he managed this portfolio.

**List A**

1. Be a long term investor.
2. Keep the principal intact. Don't lose the principal!
3. Invest in dividend paying stocks that have a dividend reinvestment plan.
4. Compound the dividend and add to the principal when you can.
5. Have an outside source of income to live on and pay taxes.
6. Run your investment portfolio like a business.
7. Computerize your records, and update the records daily.
8. Read and learn to understand the quarterly and annual reports.
9. Try to pay no more than 10 times earnings for a share of stock.
10. Has the company been making money for at least 5 years. Why not?
11. Companies pay in dividends about 60% of earnings. 40% is retained.
12. Retained earnings are reinvested in the company for growth, but it can be used for writeoffs, unearned dividends, losses. Has this happened?
13. "Everyone is smart in their own way", play your game, not theirs.
14. "Studebaker was once big in wagons", keep up to date.
15. "Plan first, then pick investments". (Read the financial statements.)
16. "Match investments with objectives". (Reinvestment plan.)
17. "Construct a core portfolio". (Industrials, elec., gas, water, telecom.)
18. "Develop a stock picking style". (Based on the financial statements.)
19. "Focus on prospects, and past results". (Financial & News reports.)
20. "Formulate a strategy for when to sell". (Financial statements.)

21. "Review holdings regularly". (Everyday.)

22. "Monitor results against proper benchmarks". Read the rules.

23. "Diversify your holdings". (Spread the risk.)

24. "Never make decisions that are counter to your objective".

25. "Do not tinker with your core portfolio".

26. "Never assume that a stock is a bargain because it is off sharply from its high, it may instead be a turkey".

27. "Never assume that a stock that has been rising steadily will continue on that path". (Follow our rules and read their financial statements.)

28. "The stock market has always gone up over the long term". (Be a long term investor.)

29. As the years pass, a long term investor who has reinvested the dividends will build up a cushion that softens and protects the principal against losses in case of a stock market sell off.

30. Be a fundamentalist not a technician.

31. A fundamentalist studies the financial condition of a company.

32. A technician bases his decisions on graphs. Ignoring the financial condition of the company.

33. Never sell a stock that you don't own. Never short a stock.

34. Stock prices rise and fall with earnings.

35. Utility stocks are interest rate sensitive.

36. Never buy airline stock, real estate stocks, construction company stock, bank stocks, insurance company stocks, saving & loan stocks, finance company stocks; they are not only risky but they do not meet our portfolio requirements.

37. Never forget that banks and savings & loans fail, real estate slumps, construction companies bid wrong and go broke, natural disasters can ruin a insurance company, finance companies make loans to people who cannot get a bank loan, and airlines never seem to make it.
38. Never take investment advice from anyone.

39. Never gamble in options or commodities.

40. Remember that alcohol stocks are recession resistant.

41. Remember that transportation stocks, utility stocks, chemical stocks, oil stocks are all oil price sensitive.

42. "All stock brokers are paid a commission on their sales".

43. "All stock brokers are paid a commission whether you make money or not".

44. All brokerage firms underwrite stocks which they expect their salesmen to sell to their clients, even if they are "Turkeys".

45. Never allow a brokerage firm to manage your account, they have been known to "churn" accounts, mismanage accounts, and commit outright fraud.

46. Never buy or sell securities on credit.

47. "The greater the return, the greater the risk".

48. "Always have a reason for buying or selling".

49. "Buy and hold" is likely to beat "cut and run."

50. "If it ain't broke don't fix it."

51. "As big steel goes so goes the country."

52. Big users of steel are: auto, railroads, trucking, oil industry, ship building, heavy construction, pipelines, and defense.

53. Don't forget the law of supply and demand.

54. "Uncertainty is a money manager's nightmare".

55. "High priced stocks can teach some expensive lessons. These stocks sell for over 50 times earnings, 5 times sales, 4 times book value".

56. One does not lose money in a down market, unless one sells the stock.

57. The time to buy stocks is when there is blood in the street".

58. "The Xmas season is important to retailers, it accounts for 75% of yearly sales".
59. Retail sales is an important economic indicator.

60. "You don't date an annuity, you marry it". (You lose if you cash it out.)

61. "Figures don't lie, but liars figure".

62. "If it is too good to be true, it probably is".

63. "A recession is defined as two straight quarters of a declining GNP".

64. "Partnerships are highly illiquid, hard to sell, and should be avoided".

65. "Leasing partnerships have other pitfalls besides illiquidity.

66. In a recession companies with high debt will be slashing dividends, payrolls and eventually important development expenditures to stay afloat.

67. Other companies in a recession with a high amount of cash may be buying back their stock. These are companies not in trouble.

68. "In a recession cash is king".

69. The credit rating of a company is very important. It affects the company stock price. Their commercial paper, the interest they pay for debt.

70. Leave short selling to the professionals. It may be the best way to make money in a bear market, but a stock sold short can theoretically produce unlimited losses.

71. In a recession help wanted advertising drops.

72. "If one wants to make a million in real estate, write a book".

73. "In dealing with your broker, put it in writing, and be able to prove you gave it to him".

74. "Don't put all your eggs in one basket".

75. Don't put all your money in one stock.

76. "The company whose stock performs best in the long run, 10 or 20 years, usually has a superior record of earnings, dividends, and improved financial condition".

77. "Gold is speculative, not a sound investment and risky. It does not pay dividends, and you can't eat it".

78. Competition has now come to electric and gas utilities, Be aware.
79. "In times of inflation buy stocks that have great natural resources".

80. When the newspapers start reporting layoffs and earning declines almost daily, the economy may be falling into a recession.

81. Debt plagued companies are sometimes forced to sell earning assets.

82. A slumping real estate market can batter insurance companies and banks.

83. A company achieves growth through capital investments, new products, expansions into new sales areas, by takeovers, by mergers.

84. If you don't know what you are doing, don't do it.

85. "A fool and his money are soon parted".

86. "Thrift certificates are not as safe as certificates of deposits because they are not insured".

87. "Futures trading: a high risk gamble".

88. "Commodities market, these are markets that an amateur just shouldn't be involved in".

89. The truest form of gambling is the craps table and the commodity markets.

90. Trouble in the world is reflected by the price of crude oil and gold.

91. "Banks and savings and loans can call CDs any thing they please. Read the fine print. It may not be insured. You could lose in case of failure".

92. Markets often go down faster than they go up.

93. "No one can protect a man from his own foolishness".

94. "The SEC cannot insure people against losing money in the stock market".

95. "An investor must always keep in mind that the future is unknown to all, even the experts".

96. Public utilities are income stock.

97. "Bulls make money; bears make money; pigs never make money."

98. Banks, pension plans, mutual funds, insurance companies, municipalities, universities and brokerage firms, are examples of institutional investors.
99. "Be wary of making a belated purchase of stock marked up by publicity."

100. "The price of utility stocks become unstable in time of tight money and high interest rates."

101. Investors considering government bonds must be aware of political hazards.

102. A stock insurance company is owned by its shareholders.

103. A mutual insurance company is owned by the policy holders. If a mutual insurance company gets into trouble they can charge the policy holders.

104. Profit or loss is not realized until the stock is actually sold.

105. Current liabilities: obligations that will be paid within twelve months.

106. Current assets: Assets that will be converted to cash within twelve months.

107. Earned surplus: another word for retained earnings.

108. Patience is the formula for investment success.

109. Investors should follow a long term buy and hold policy.

110. Many PFD stocks have callable features.

111. A penny saved is a penny earned. (avoid commissions and fees)

112. What goes up must come down, this includes the stock market.

113. Bearer bonds belong to whoever has possession of the bonds.

114. Neither gold or silver pays dividend.

115. When bond prices rise its yield declines.

116. Practically all stocks go up in a rising market, and practically all go down in a falling market, but not all to the same extent.

117. A few companies are in the fortunate position of having no long term debt. It is a mark of distinction, conservative management, and financial soundness.

118. "Small savings, wisely invested, grow into small fortunes."

119. "Money makes money, and the money that makes money makes more money."
120. "PFD stocks are sometimes characterized as unsound because they have neither the enforceable claim of a bond nor the share in profits of common stocks, but the yield is better."

121. Credit ratings are important to borrowers, lenders and investors.

122. Bond ratings are important to borrowers and lenders, it means the probability of bond issuers repaying the principal.

123. A convertible bond is one of the most complicated securities to use effectively.

124. Municipal bonds are sometimes called "tax exempt."

125. The interest of municipal bonds are exempt from federal income taxes, and if the investor lives in the state of issue, they are usually exempt from state and local taxes also.

126. Autos account for about five percent of the GNP.

127. Defense spending accounts for about twenty percent of the GNP.

128. A decline in total assets may be an early warning signal of trouble.

129. If a company is not earning its dividend it may be an early warning sign of trouble.

130. A great depression: define as, the economy shrinks for a full year, unemployment soars into double digit, bankruptcies multiply, but the bigger the slump, the bigger the recovery.

131. In a bear market, stock prices typically fall about 38% and the decline usually last about 19 months.

132. A bear market is far different from a crash. A crash is sudden and the damage is over with all at once. In a bear market, an investor, may not be hurt much on a given day, but when the damage is totaled a year later the damage is likely to be worse than any crash.

133. If the stock market declines in slow trading, it does not mean much, if the trading is active the meaning may be significant.

134. Never buy Canadian stocks. If the investor dies while owning such stocks his executors will have to pay death taxes and other taxes to the Canadian government. Check with your CPA.

135. Gold is not money but in a way it is. It is a hedge against inflation. Gold governs the price of jewelry, silver, film, gold coins, silver coins, rare coins, bullion coins,
silverware, sterling silver, silver and gold, mining shares, small and large gold & silver bars, electronic parts, electrical parts, computer parts industrial uses, gold deposit certificates, gold mutual funds, gold futures, gold options, crude oil, ...It has been said, "Gold isn't money, but in fact it often is."

136. It is against the law to make investments using insider information.

137. An investor is presumed to know the securities law.

138. A man who does not know and thinks he knows is a fool. Gurus think they know.

139. "There is no free lunch. You don't get something for nothing."

140. "It's a sure thing, baby!". Not true.

141. "If income taxes increase, consider insured municipal bonds, they are tax free."

142. "Never buy closed in mutual funds at a premium".

143. Never stay out of the stock market when actual bargains in sound stocks become available.

144. "The technical analyst: This approach assumes that everybody knows more than anybody, and that the ticker tape tells you what everybody knows, or believes about the market. The technician assumes what happened before it will happen again."

145. Most investors freely mingle fundamental and technical analysis in making stock market judgements.

146. Stable income securities include cooperate bonds and PFD stocks.

147. It is important to note weather an industry has any severe ecological problems.

148. Mutual funds should be held long term and the dividends compounded.

149. Never buy unsecured debentures.

150. While mutual funds offer many advantage, they so not eliminate risks inherent in investing in the stock market. mutual finds can fall as sharply as the Dow Jones averages. Funds vary in objects, they vary in performance, and they are not all similar. There are over 500 mutual funds on the market When cashins exceed purchases, it can start a rush to leave the fund. In a down market forcing a fund to sell shares can cause the shares to fall further and faster than the Dow Jones averages.

151. About closed end mutual funds: They are bought and sold like shares of other listed stocks at standard commission rates. Because their shares are traded on the
open market their quoted prices reflect how investors appraise the fund as an investment. At times they may sell at a premium or at a discount. Buy at a discount.

152. Real estate lenders are banks, savings & loan association, insurance companies, pension funds.

162. Fundamentalist: One who believes that stock prices are determined by the future course of earnings and dividends. He studies economics, industry conditions, and corporate financial statements.

163. Advancing technology is continuous, to be successful one must keep up. This means continuous education & business machine upgrading.

164. Series EE us savings bonds held for at least 5 years is income tax free until the bonds are redeemed. Their original maturity date is 12 years.

165. An IRA is tax sheltered until retirement time.

166. Convertible PFD stocks can be exchanged for common stock. This can be accomplished through the company with out brokerage assistance or commissions.

167. If the PFD stock is not a convertible PFD it must be sold through a stock broker and commissions must be paid.

168. No- load mutual funds have no-back end fees.

169. Mutual funds with 12b-1 plans are a rip off. When a fund has such a plan management can constantly dip into the fund's assets to pay commissions to brokers and pay for virtually anything else that promotes the sale of fund shares. Their is no justification for forcing shareholders to pay for bring in new shareholders.

170. The sale price of us treasury bond fluctuates but the bond interest remains constant.

171. Investing as large amount of money at one time, rather than doing it gradually always increases one risk. It is far wiser to follow the time tested dollar cost averaging.

172. Short term corporate bond mutual funds are counted as low risk investments.

173. "Municipal bonds can help upper-income investors avoid-income taxes".

174. "Banks that order add-on CDS are easy to find"

175. If you cash in a CD before it matures you will be hit with an early withdraw penalty.

176. "Brokerages don't issue cd's they sell cd's for banks and S&L's".
177. Government securities mutual funds have some risk”.
178. "Some US treasury bonds are callable".
179. Compound interest powers zero coupon bonds".
180. "Large sums of money should not sit idle".
181. "Saving bond owners can not shift tax liability. (changing ownership is a taxable event.)"
182. A zero coupon bond is an original issue discount debt obligation. (That means it is issued and sold at a price way below its face value.)
183. "Interest on some government bonds (ee) can be deferred or postponed".
184. Brokers have various ways to hold stocks. They are: in street name, or in a safekeeping account.
185. If one signs the assignment form on the back of the certification, the stock is made negotiable and the stock can be put in the street name or sold.
186. Closing an IRA account at a brokerage firm may result in a termination fee of plus or minus 73.00. Brokerage firms are free to charge any fee they choose. (IRA trap).
187. Stock prices rise and fall with earnings.
188. All that glitters is not gold. (Read the financial statements).
189. Corporate fraud exist in high places, and they never steal small. Income and expenses should be subject to critical scrutiny. Look for: excessive write-offs for contingencies, inclusion of profits or losses on the sale of properties, failure to take into account a proper share of the earnings of non consolidated subsidiaries, (this is a way of hiding profits or overstating them), inclusion of large foreign earnings, although the earnings cannot be taken out of the country, large sums for research expense, (these are reinvested profits-not expenses).
190. If the financial statement is confusing or impossible to read or understand be wary of it, and this holds for other corporate papers.
191. If a company changes auditors beware!
192. Buy the best and hold on to them.
193. If you sell in a panic when prices fail you'll never make money.
194. "Never buy stocks in companies operating under chapter II of the bankruptcy laws. It's called bankruptcy follies."

195. "Treasury bill preserves principal, but yields can fluctuate widely."

196. Income from stocks is amazingly reliable.

197. Every crisis is an opportunity.

198. A devaluation is the government's way of going into bankruptcy.

199. "Don't act as if you know everything. You can't know everything--about the entire world or even about a single investment."

200. Don't try to buy at the absolute bottom or sell at the absolute top.

201. Don't gamble with money you can't afford to lose.

202. Never be afraid to take a loss.

203. "As an investment, real estate is probably one of the poorest prospects for the future. Its greatest drawback is its illiquidity.

204. Redeemable PFD stock is a form of debt.

205. Never buy into any investment solely on the cases of tax consideration, no matter how tempting the math may look.

206. Never refuse to take a profit based solely on the taxes you will have to pay.

207. It is never wrong to take a profit, to spread the risk to offset capital gains and losses, or to pay your just taxes.

208. It is never wrong to buy an A+ stock with a strong financial statement.

209. Common stocks outperformed US treasury bonds and treasury bills by a wide margin in the 7 year period that ended in 1992. The average annual compound rate of return: consumer price index 3.1%. US treasury bills 3.7%, US treasury bonds 4.8%, equities 10.3%.

210. Many companies raise their dividends every year.

211. Never put certificates in safekeeping because it takes almost a month to sell the stock through the company.
212. Never put money in a government bond mutual fund, Bond fund investors would be better off buying the bonds directly and holding them until maturity. US government bonds are the easiest for an individual to buy or sell.

213. Exotic and complex financial products are known as derivatives.

214. Derivatives are unconventional securities linked to or derived from typical stocks, bonds, and commodities. They are intended to guard business with international operations from unforeseen risks—such as sudden fluctuations in interest or foreign currency exchange rates.

215. Derivatives are lightly regulated at the present time (1993), observers have expressed concern that one busted deal could touch off a domino effect that could endanger the US financial system. These deals are conducted between banks and other large institutions.

216. Dividends are not etched in stone, They can be raised, reduced, suspended, eliminated, deferred, paid in cash or stock, be taxable or not taxable, they can even be restricted.

217. Dividends in percent fluctuate with the price of stock, and earnings.

218. Dividends average about 60% of earnings. The company retains the rest.

219. An increase in the price of a stock decreases the dividend in percent.

220. A decrease in the price of stock increases the dividend in percent.

221. Companies are proud of their continuous unbroken dividend record and will not reduce or suspend the dividend unless they have to.

222. A 2 for 1 stock split halves the dividend.

223. A stock split with a dividend increase is a good financial sign.

224. A reverse stock split increases the share price.

225. A reverse stock split with a dividend decrease is a bad financial sign.

226. Dividends can be paid out of retained earnings. It then becomes a tax tree return of capital.

227. Retained earnings are used by the company for growth.

228. With respect to dividend and liquidation rights, A company's PFD stock is prior to its preference and common stock, and its preference stock is prior to its common stock.
229. In issuing a check to more than one party it is necessary to use the word and@ between the names. This requires both parties to endorse the check in order to cash it. If the word or@ is used, either party may cash the check. Stocks, bonds, mutual funds can be registered the same way, if more than one party is involved.

230. Some municipal bonds are issued in both book entry form and registered form. Others are just issued in book entry form. Those issued in book entry form are held by brokerage firms or a bank and they charge an annual keeping fee@ of about 50.00. Never buy book entry form municipal bonds. Be aware of the book entry only rules.

231. Bond investors dread inflation because it reduces the value of fixed income investments.

232. Stock prices affect the capitalization of a company.

233. Be aware that more and more companies are selling shares direct to first time purchasers. Call the company to find out if they sell direct.

234. Be aware that one in a dividend reinvestment plan can transfer stock from their account to another person.

235. Mutual fund investments should held long term.

236. Tax free mutual funds are wise investments for those in high income tax brackets.

237. If a significant change occurs in the stock market it may indicate what the stock market will be in six months.

238. If the market reaches a new high and holds it may indicate a full blown bull market in six months.

239. If the stock market breaks through a resistance level and holds it may be a bull or bear market sign. (A reason to study the wall street journal graphs).

240. An economic crash always follows an economic boom caused by runway speculation.

241. Runway speculation is also known as the greater fool theory@.

242. Immediately notify the transfer agent if the certificates are lost are stolen.

243. Keeping up with high technology is necessary in today's business climate.

244. A business image is often a company's most precious asset. A reputation for honest dealings, quality workmanship, prompt payment of bills, being law abiding are a few examples. Creating that reputation and implanting it in the public mind is a
challenging and rewarding experience. The same goes for one's personal reputation and implanting it in the public mind is a challenging and rewarding experience. The same goes for one's personal reputation.

245. If you always tell the truth then you don't have to remember what you said or who you said it to.

246. Conservative investors should invest in companies that have a positive and growing amount of working capital.

247. The first principle of successful investing is to understand that you can really do it.

248. Investing 2000 dollars a year in an IRA (That's about 166 dollars a month) and it earns 14%, in 35 years you will have a fortune of 1,387,140.00.

249. Never try to get rich quickly. Don't make it an all or nothing situation.

250. Know that there is a mushrooming collectibles market for obscure and obsolete securities, and some are worth thousands.

251. Know that bankruptcies often lease assets.

252. Most libraries have fisher manuals of valuable and worthless securities.

253. Technology does not remain static.

254. There is no greater obstacle to financial security than excessive debt.

255. Do not put tax exempt municipal bonds into an IRA. Why? Because all IRA withdrawals are taxable.

256. If a firm fails, common stockholders receive nothing.

257. There are dozens of investments and investment strategies that the average investor doesn't need to know about to be a successful investor.

258. Anytime you see a limited partnership run as fast as you can in the opposite direction. They are complex, and there is so much room for abuse by managers and partners, it exposes one to too much risk.

259. An investor needs to know the difference between stocks, bonds and cash investments, and how to invest in them through mutual funds or drip plans.

260. No single set of initials is a guarantee of competence.
261. Stocks can go up and stocks can go down. If you are systematically investing, you should be happy either way. If the stocks go up, your stocks are worth more. If the stocks go down, you’re getting to buy at lower prices.

262. It is wise for a shareholder of a publicly traded company to take as a warning when a controlling shareholder begins pulling money out of a company on a regular basis.

263. A shareholder should take warning when a publicly company makes loans to the senior officers, directors, or large stockholders.

264. Bankers advise that a cash reserve for emergencies should be three months salary. By definition, every thing in a cash reserve should be immediately convertible into money. Money market mutual funds fit that description, because their share values remain constant at a dollar.

265. An investor may be involved in derivatives through their pension funds, mutual funds, and insurance companies. Derivatives are risky and dangerous, and should be avoided by the average investor.

266. The stock market rewards those that are in it consistently.

267. The longer you hold equities the less risk you take of winding up with a loss. in only 5 years the rewards begin to outweigh the risks. When the time horizons are longer, the possibility of loss diminishes, then disappears entirely.