

# ActVest

## Educational Newsletter

*Abbreviated Sample Only*

**The Newsletter is sent via e-mail between Friday's market close and the commencement of trading on the following Monday morning.**

### Disclaimer

This report is prepared by Alan Hull an authorised representative of Gryphon Learning, holder of Australian Financial Services Licence No. 246606 and registered training organisation provider No. 21327. It is published in good faith based on the facts known at the time of preparation and does not purport to contain all relevant information in respect of the securities to which it relates (Securities).

Alan Hull has prepared this report for multiple distribution and without consideration to the investment objectives, financial situation or particular needs (Objectives) of any individual investor. Accordingly, any advice given is not a recommendation that a particular course of action is suitable for any particular person and is not suitable to be acted on as investment advice. Readers must assess whether the advice is appropriate to their Objectives before making an investment decision on the basis of this report.

Neither Gryphon Learning Pty Ltd nor Alan Hull warrant or represent the accuracy of the contents of the report. Any persons relying on the information do so at their own risk. Except to the extent that liability under any law cannot be excluded, Gryphon Learning Pty Ltd and Alan Hull disclaim liability for all loss or damage arising as a result of an opinion, advice, recommendation, representation or information expressly or impliedly published in or in relation to this report notwithstanding any error or omission including negligence.

None of Gryphon Learning, its Authorised Representatives, the "Gryphon System", "Gryphon MultiMedia", and "Gryphon Scanner" take into account the investment objectives, financial situation and particular needs of any particular person and before making an investment decision on the basis of the "Gryphon System", "Gryphon MultiMedia" and "Gryphon Scanner" or any of its authorised representatives, a prospective investor needs to consider with or without the assistance of a securities adviser, whether the advice is appropriate in the light of the particular investment needs, objectives and financial circumstances of the prospective investor.

©Copyright Alan Hull 2006

This document is copyright. This document, in part or whole, may not be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning or otherwise without prior written permission. Further enquiries can be made to Alan Hull, the author, on 061-03-9778 7061.

Correspondence can be forwarded to ActVest Pty. Ltd. ABN 44 101 040 939 at 53 Grange Drive, Lysterfield, Victoria, 3156, Australia or via our website at <http://www.alanhull.com>

All of the charts used in this publication were created with Supercharts by Omega Research.

## Buy low - Sell high

The title of this article is a common phrase that every adult living in the western world has heard at some point in their lives. It is a good way to approach buying a toaster or a new television but it is an impractical way to approach the stockmarket. I had a phone call from one of my Brokers recently when Lend Lease fell out of its tree...suggesting that the current price of the shares was very cheap. Lend Lease shares were at a bargain price and I should buy.



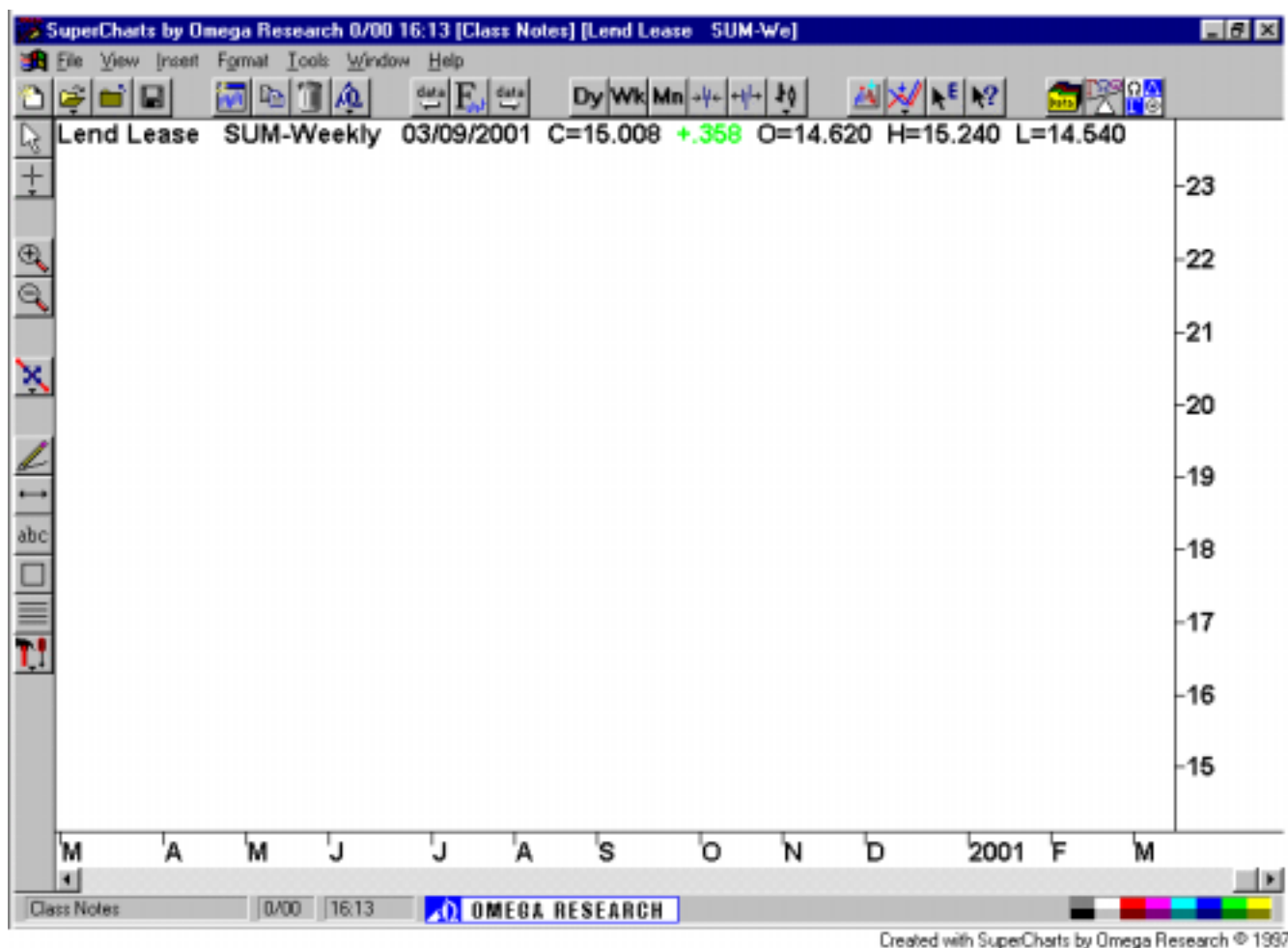
Lend Lease dropped from just over \$22 to \$17 on the back of bad news. Surely this is a low!



Nearly 3 months on and 'Oops'...well surely \$15 is a low and I should buy now. Lend Lease shares will surely rise from this price. How about...I buy Lend Lease shares when they do rise. Apologies for being so facetious but there is no such thing as a bargain priced share. A share's price is always the precise value that market participants collectively place on it at that exact moment in time. What the Broker is really saying is the sentiment is abnormally low and should improve from this point. The problem with this approach is that there is no telling when sentiment is likely to improve. The Broker has engaged in a guessing game of predicting market sentiment. Apologies again...we have entered the realm of star gazing and crystal balls.

I know precisely how to measure market sentiment and that is how I trade the market. If a share price is rising then the market sentiment is positive and if the share price is falling then the market sentiment is negative. Hence...buy a rising share and sell a falling share. I do not dismiss what the Broker has told me and I will watch Lend Lease and buy when the share price begins rising. But the Broker's recommendation to buy today is clearly flawed in its logic.

I can only spot high's and low's with the benefit of hindsight and attempting to apply the theory of 'Buy low - sell high' in realtime would mean analyzing the following type of chart.



As a chartist I only observe historical data and deal with facts...I leave prediction to investors who search for bargains and undervalued shares. Warren Buffet does not fall into this category because he is primarily a businessman and not a value investor. He buys a large block of shares in a low priced company, puts in his own management team and increases the profits of the company. He then derives a highly cost effective income via the annual dividends. His favorite holding time is forever because, if he sold the shares, he would have to pay capital gains tax.

*Many newcomers to the stockmarket who are starting out with a small amount of capital are often neglected by Full Service Stockbrokers. When you contact Jeffrey Shaw at Shaw Stockbroking and tell him that you are an ActVest Newsletter Subscriber...you become part of a large pool of funds under management and you will be treated accordingly.*

## **SHAW STOCKBROKING LTD**

### **The Private Client Stockbroking Specialists**

*The market knowledge of SHAW'S advisors covers the spectrum of the ASX. Advisors are encouraged to generate ideas and with assistance from SHAW's research team, to provide appropriate advice to their clients.*

Jeff Shaw has 15 years of market knowledge and experience and can provide the following for you;

- Advice on your current or new portfolios
- Regular portfolio updates and statements, including market comments.
- Email of my recommendations and those of our research team.
- Access to external Cash Management Accounts or the SHAW Investor Plus Cash Management Account in association with St George Bank.
- Access to the SHAW Stockbroking website [www.shawstock.com.au](http://www.shawstock.com.au) – named Best Broker Website by SHARES Magazine.
- Personalised strategy to follow for your investments.
- Improved returns on your blue chip stocks through personalised strategies.
- Personal attention is an essential part of the service to my clients.

Please feel free to call me anytime on (03) 9268 1107 for investment needs and advice.

---

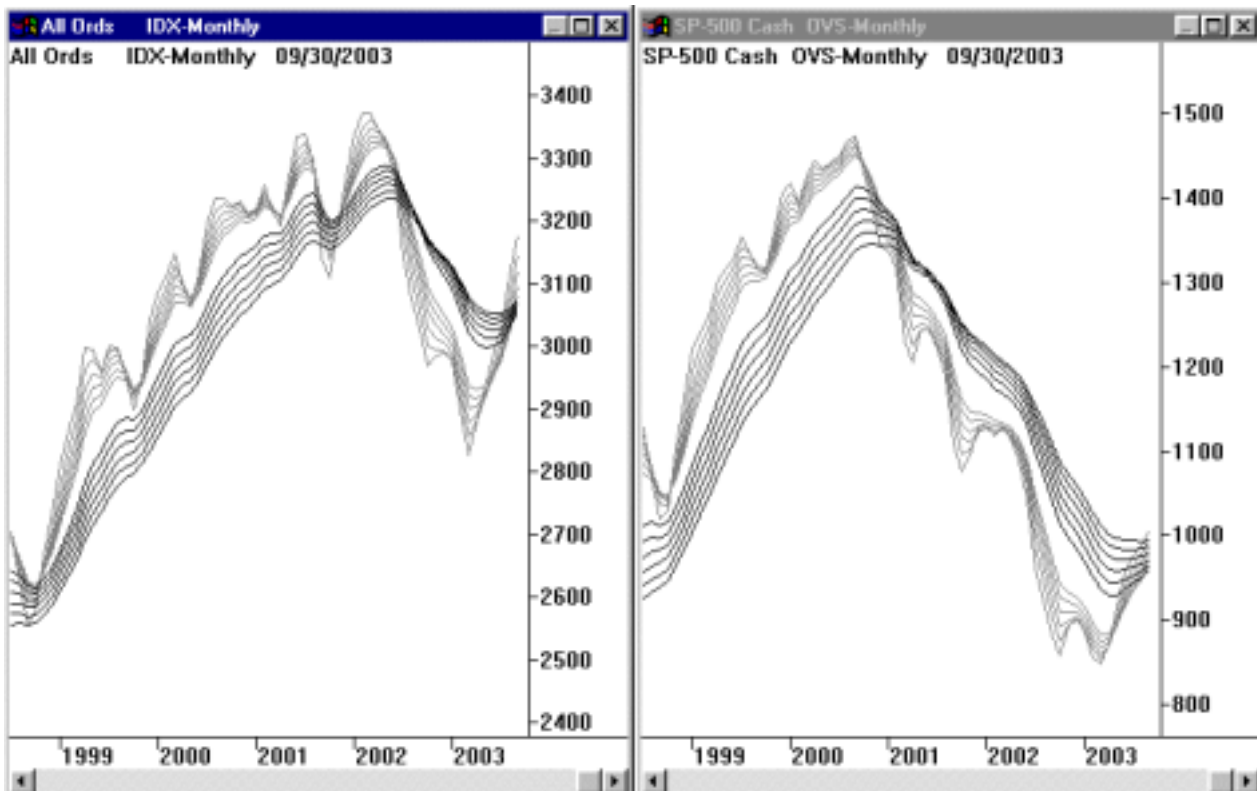
## **ActVest Educational Newsletter Subscriber Network List**

*The following Subscribers want to network with other ActVest Subscribers and share their knowledge and market views. As a Subscriber you can network with them and/or add your own name to the list. You have many avenues of support as a Subscriber. This list has been abbreviated and the e-mail address's have been blanked to protect Subscribers privacy.*

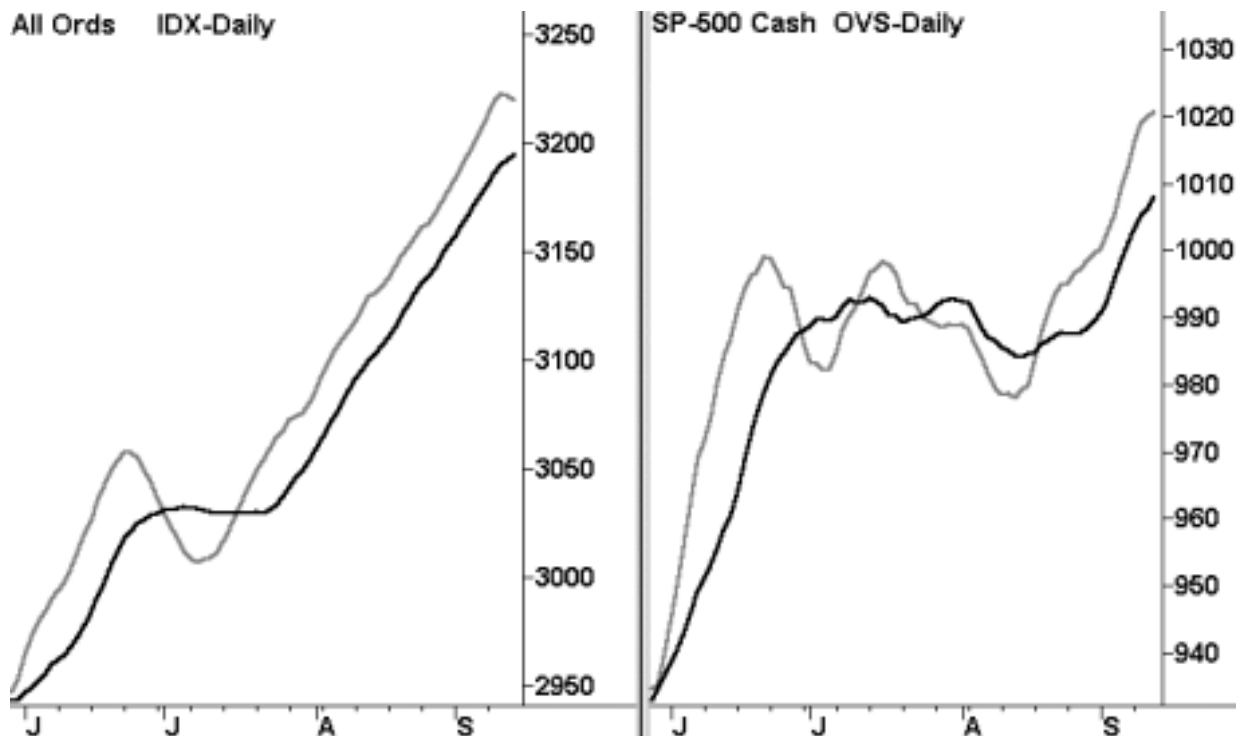
<b><u>Name</u></b>	<b><u>Suburb</u></b>	<b><u>State</u></b>	<b><u>E-mail Address</u></b>
Andrew	Boronia	Vic	xxxxxxx@virtual.net.au
Barry	Nth. Adelaide	SA	xxxxxxx @cca .org.au
Brian	Launceston	Tas	xxxxxxx @hotmail.com
Dave	Drysdale	Vic	xxxxxxx @iprimus.com.au
Doug	Blackburn Nth.	Vic	xxxxxxx @alphalink.com.au
Graeme	Clayton	Vic	xxxxxxx @hotmail.com
Graham	Park Orchards	Vic	xxxxxxx @capbus.com.au
Jack	Riverside	Tas	xxxxxxx @southcom.com.au
Janice	Williamstown	Vic	xxxxxxx@bigpond.com
Joe	Mill Park	Vic	xxxxxxx @netspace.net.au
John	Williamstown	Vic	xxxxxxx @melbpc.org.au
Jon	Bungendore	NSW	xxxxxxx @tpg.com.au
Kerry	Bogan Gate	NSW	xxxxxxx @westserv.net.au
Linda	Airport West	Vic	xxxxxxx @alphalink.com.au

# The Bourse Bulletin

The following charts show monthly MMAs of both the All Ordinaries and the S&P 500 indexes. These charts indicate the long term trends in both the Australian and US stockmarkets.



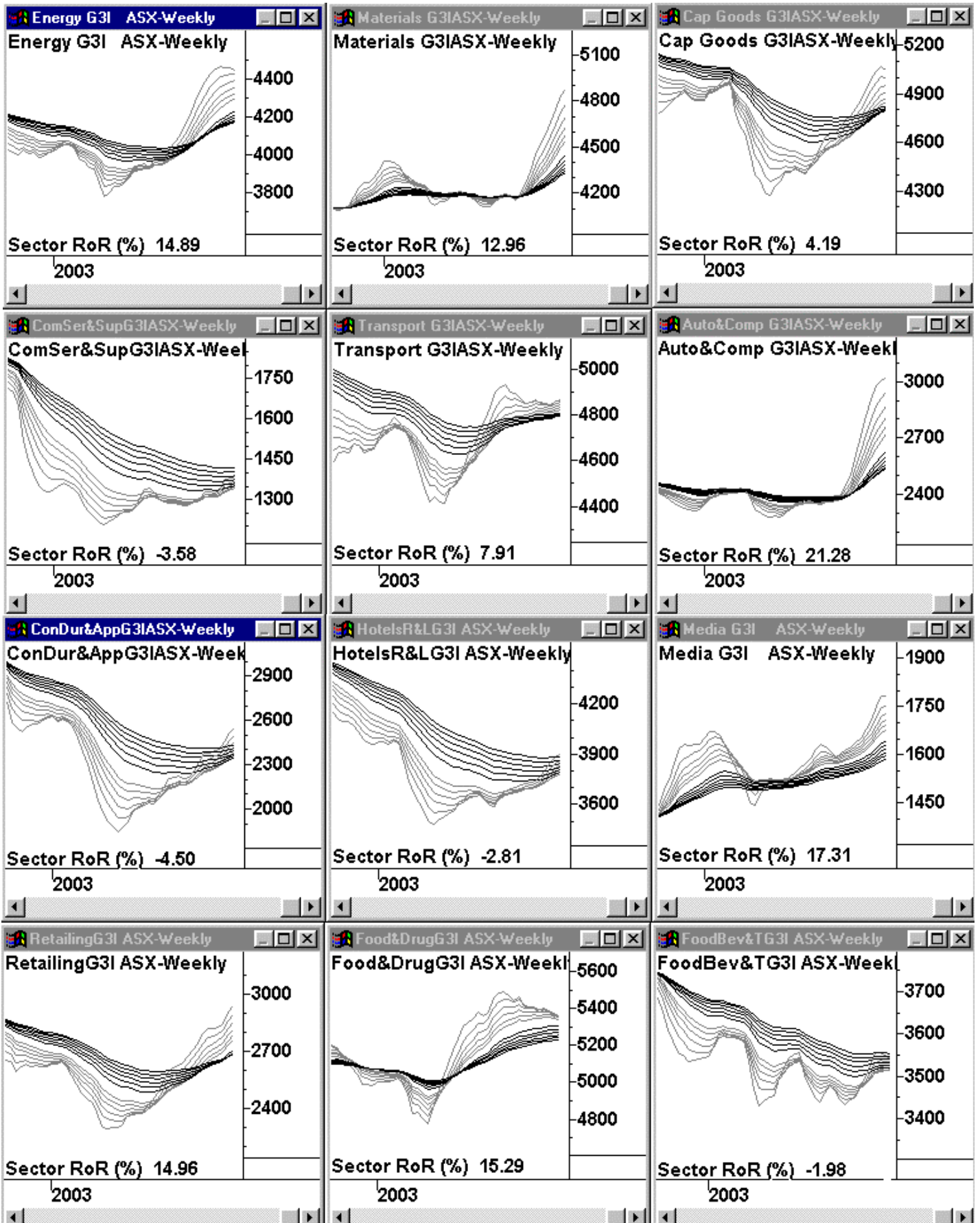
The following charts are crossover charts for the All Ordinaries Index and the S&P 500 Index. Each chart contains a fast moving average (9 day) and a slow moving average (21 day).



These charts tell us which direction the broad market is trading in. The Bourse Bulletin gives Subscribers a 'Weather report' each week that aids their decision making. These charts provide unambiguous trading signals and reliance on them prevents any indecision.

# GICS Industry Sector Analysis Charts

Sector analysis charts appear each week in the following format including RoR values. There are just over 20 industry groups and subscribers can quickly identify the best from the worst.



# Important Notice

The following tables include share price data and the necessary calculations to implement the Active Investing strategy. All care has been taken but no responsibility is accepted with reference to the numerical accuracy of calculations or the data employed in those calculations. The sole purpose of these tables is to provide convenience and cost savings to ActVest Educational Newsletter subscribers. They are not intended to be, nor should they be interpreted as, recommendations by the Author(s). Individuals seeking financial advice should consult with a licensed financial advisor. Individual copies of this newsletter are available to the general public by phoning the Educated Investor on 03 9620 0885.

***Please study the following table in conjunction with the course notes...***

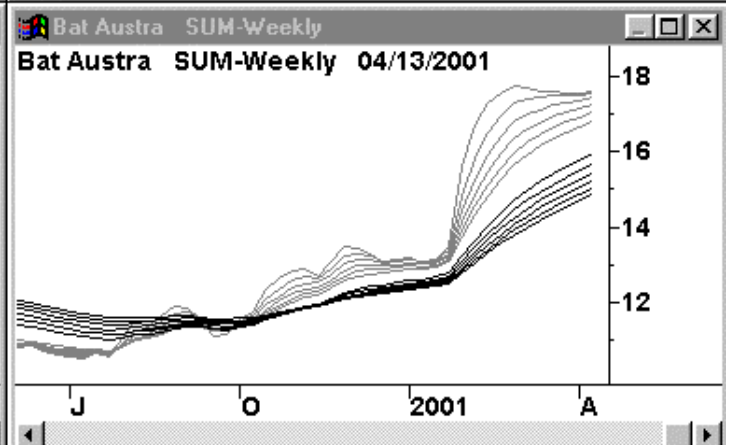
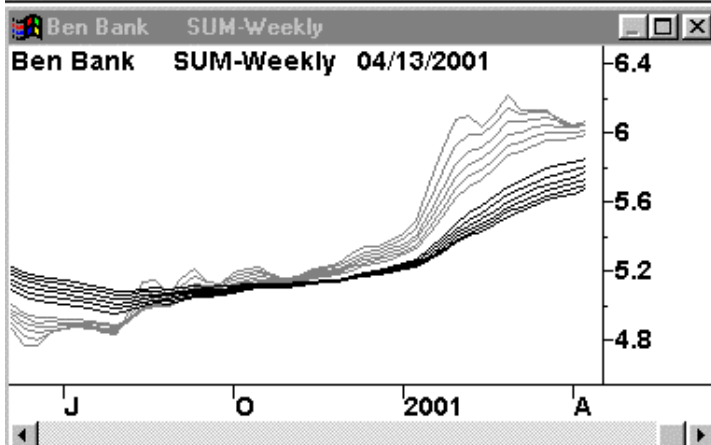
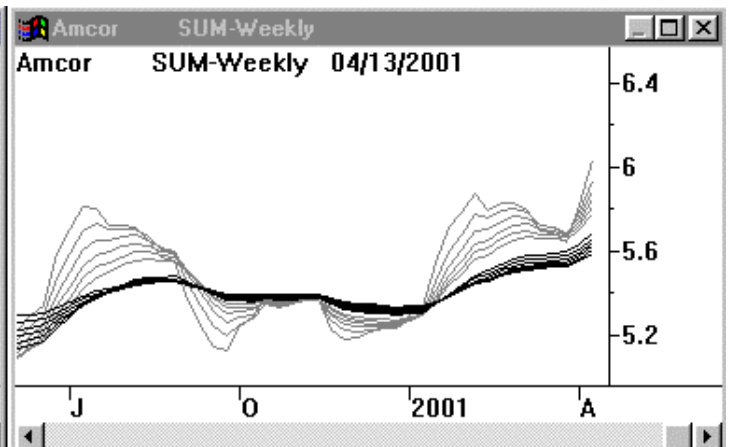
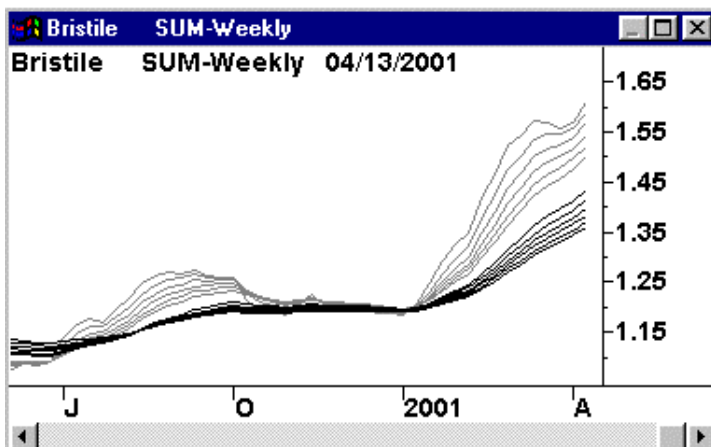
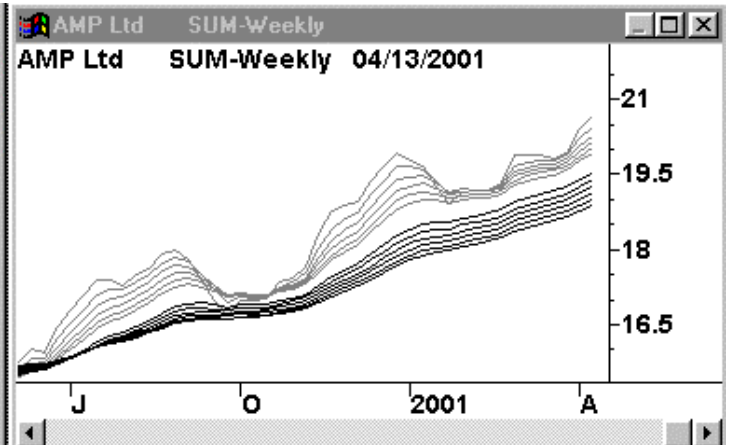
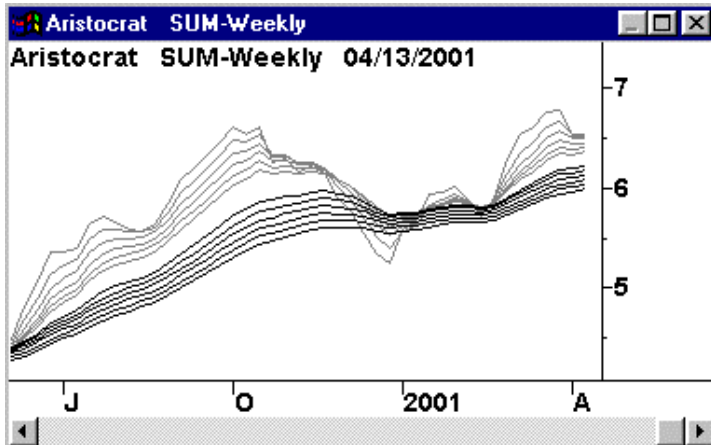
***This table provides you with all of the data and calculations that you need to be an Active Investor. You do not have to purchase any expensive computer programs that require ongoing data feeds and ongoing payments. You also save on time because all of the necessary calculations have been done for you. Please note that this table has been abbreviated and the information provided is out of date.***

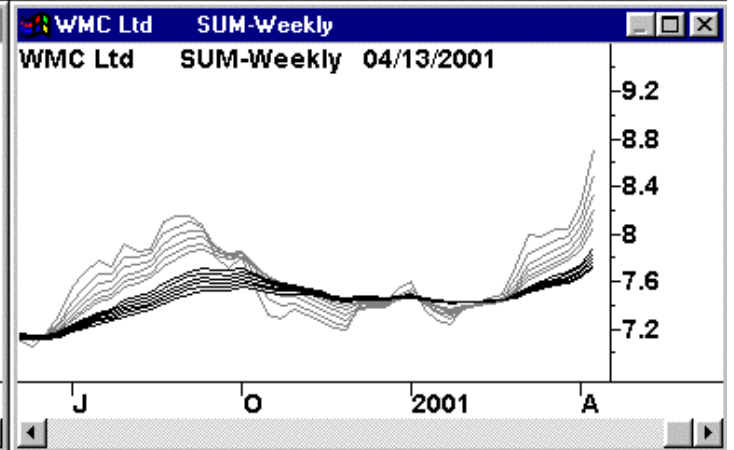
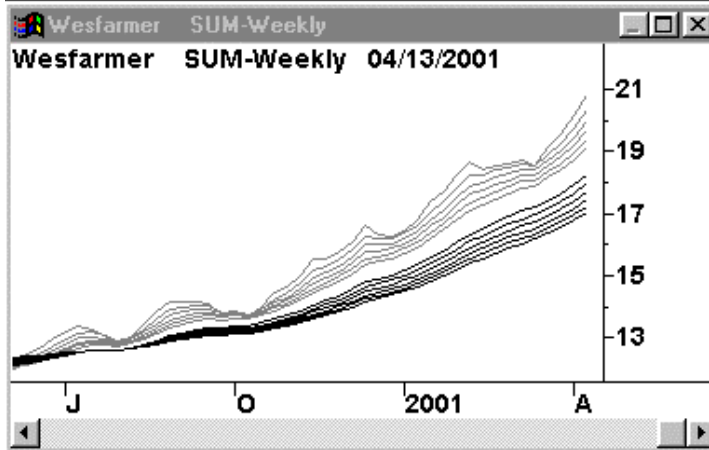
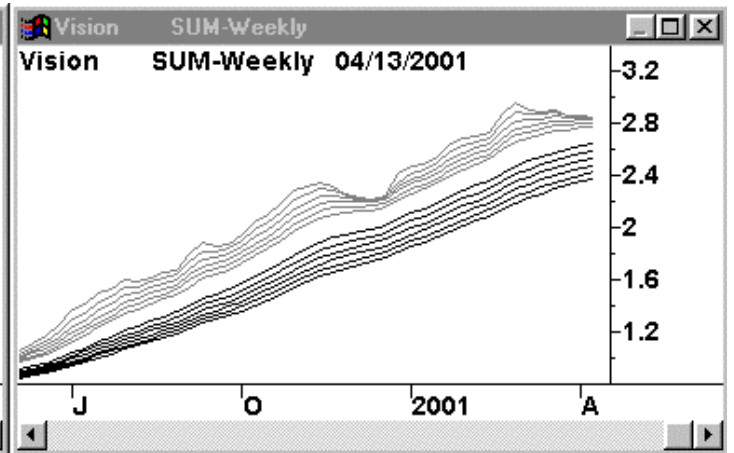
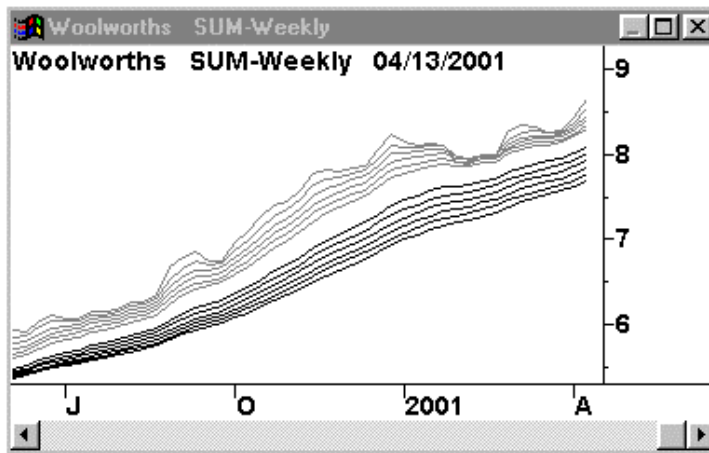
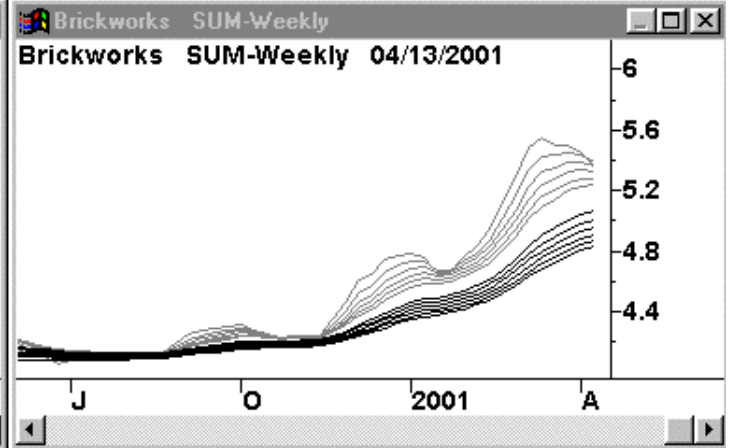
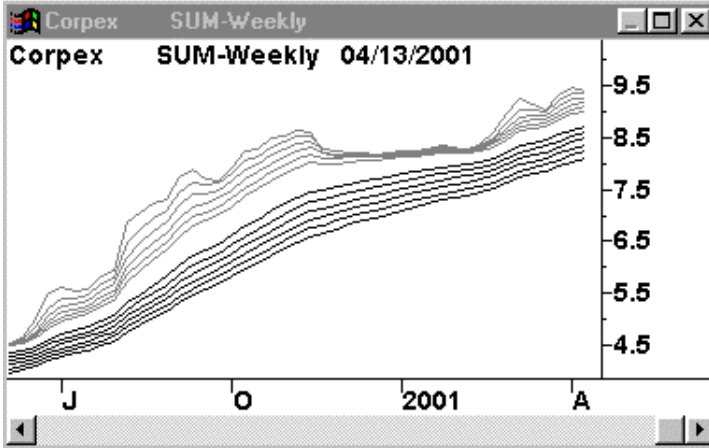
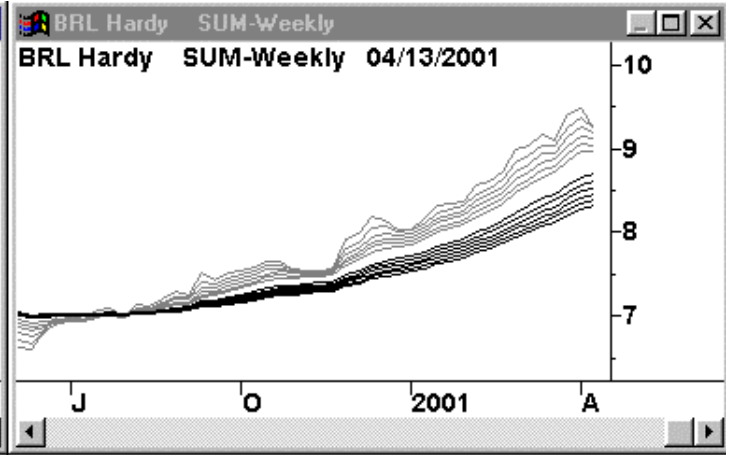
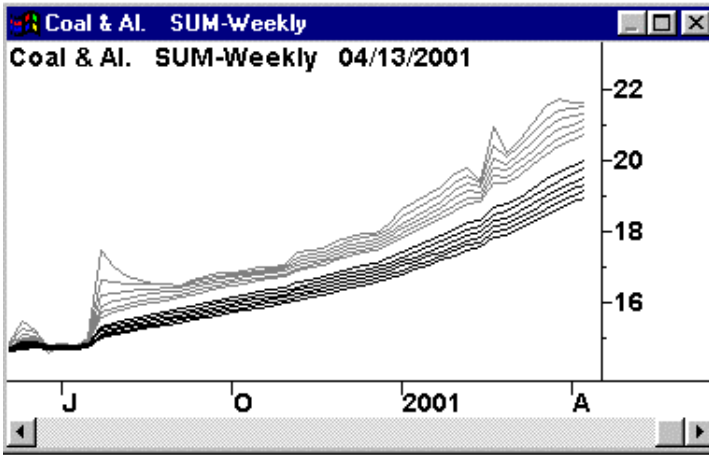
## **Rising Equities** (Includes all equities that have a 'Rate of Return' greater than or equal to 20%)

<b>Share Code</b>	<b>Closing Price(\$)</b>	<b>Central Cord(\$)</b>	<b>Upper(\$) Deviation</b>	<b>Lower(\$) Deviation</b>	<b>Rate of Ret.(%)</b>	<b>2% Risk Rule for T.C. (%)</b>
ALL	6.52↑	6.91	8.33	5.73	75	11
AMC	6.25↑	5.89	6.83	5.49	34	20
AMP	20.90↑	20.41	23.01	18.91	31	20
BAM	17.63↑	19.43	21.06	18.29	59	20
BEN	6.10↑	6.22	6.90	5.88	36	20
BKW	5.29↓	5.76	6.52	5.13	55	18
BRL	9.00↓	9.60	11.10	8.36	36	15
BRS	1.65↑	1.71	1.90	1.55	100	20
CCL	4.78	4.85	5.82	4.34	41	19
CNA	21.60	22.22	25.71	19.31	57	15
COH	38.00↑	37.27	44.44	34.21	41	20
CSR	5.52↓	5.22	5.93	4.83	61	20
CXP	9.33↓	9.68	11.07	8.52	45	16
FCL	2.30↑	2.13	2.50	1.88	45	17
FIF	8.67↑	8.70	9.86	7.73	57	17
FLT	26.10↑	27.70	30.88	25.05	30	20
GMF	1.31↓	1.42	1.65	1.25	30	16
GWT	2.07↑	2.10	2.49	1.86	32	17
HAH	4.43↑	4.25	4.90	3.71	57	15
JUP	4.08↓	4.00	4.53	3.69	36	20
LEI	7.30↑	7.04	8.42	6.02	37	13
MAY	6.66↑	6.55	7.72	5.58	67	13

# MMA Charts for Rising Equities

An MMA chart is provided for every share listed in the data table. These charts can be amplified for closer examination using the zoom function in the Adobe Acrobat Reader program. Please note that the charts shown below are just several examples and they are based on out of date data.



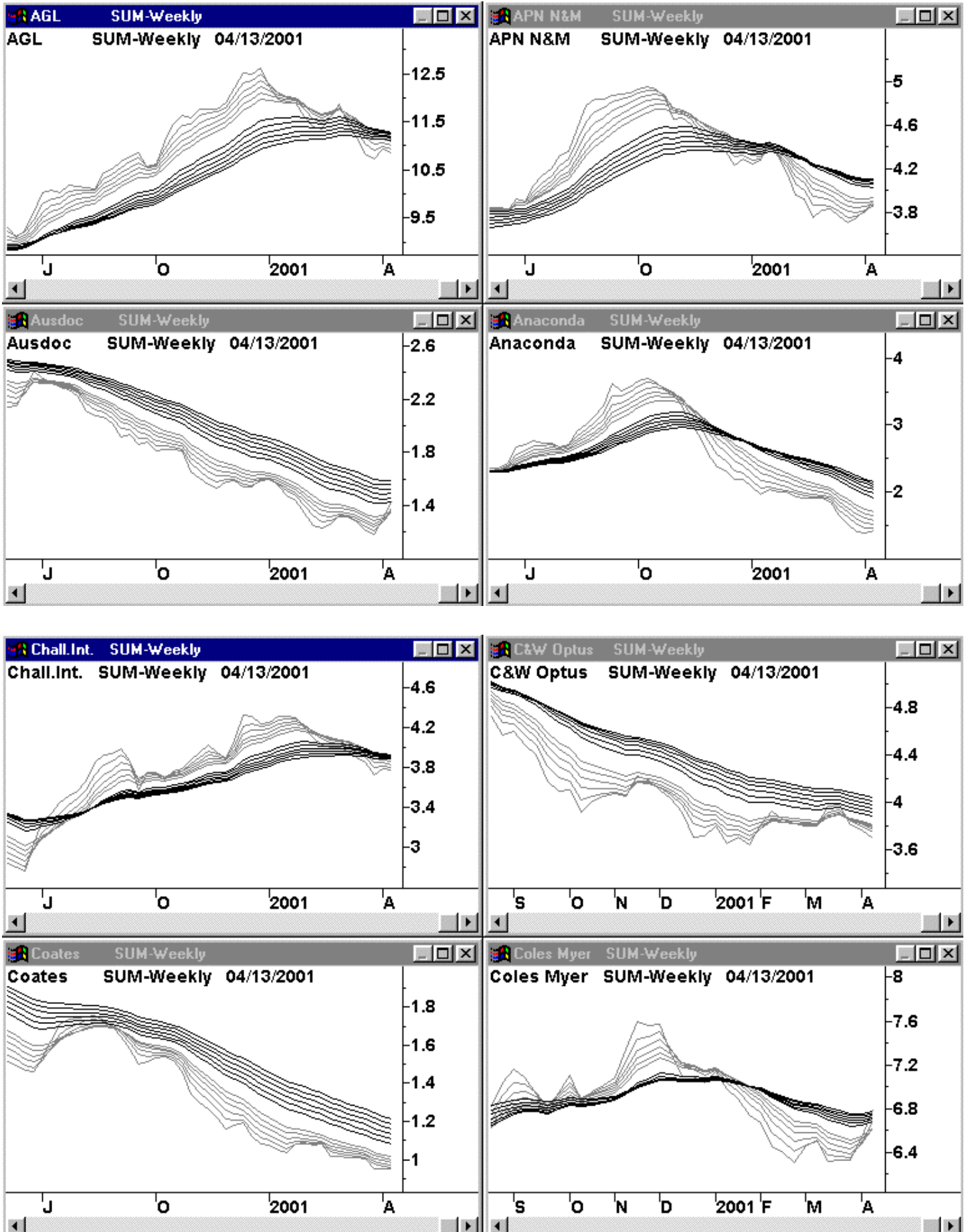


*You can also short sell ordinary shares as an Active Investor. You have the ability to survive and prosper in both rising and falling markets.*

## **Falling Equities** (Includes all equities that have a 'Rate of Decline' equal to or greater than 20%)

<i>Share Code</i>	<i>Closing Price(\$)</i>	<i>Central Cord(\$)</i>	<i>Lower(\$) Deviation</i>	<i>Upper(\$) Deviation</i>	<i>Rate of Dec.(%)</i>	<i>2% Risk Rule for T.C. (%)</i>
AGL	10.80↓	10.67	8.87	12.17	58	16
ANL	1.47↑	1.41	0.68	2.02	335	6
APN	4.00↑	3.57	2.71	4.29	68	11
ARL	0.90↑	0.78	0.31	1.17	355	6
AUD	1.57↑	1.22	0.76	1.45	102	12
BTA	2.50↑	1.85	0.68	2.82	274	5
CLI	3.77↓	3.62	2.92	4.21	72	14
CML	7.06↑	6.35	5.39	6.89	47	20
COA	0.95	0.95	0.73	1.14	127	12
CPU	6.90↓	6.98	5.55	8.18	108	13
CWO	3.63↓	3.91	3.06	4.44	51	16
DJS	1.09	1.15	0.95	1.32	80	15
DVT	0.26	0.27	0.03	0.47	888	4
ECP	0.73↑	0.66	0.25	1.00	424	5
ERG	1.54↑	1.29	0.31	2.11	303	5
FHF	11.86↑	9.98	7.55	11.36	48	16
FXJ	3.95↑	3.60	2.92	4.17	65	14
HWE	0.83↑	0.76	0.52	0.96	150	9
KSM	0.10	0.09	0.03	0.14	241	5
LLC	13.83↑	12.83	9.90	15.27	168	12
MCW	1.36↓	1.34	1.21	1.45	38	20
NCM	3.26↓	3.44	2.59	4.15	75	11
NFD	2.06↓	2.11	1.81	2.36	58	18
NWL	0.30↑	0.30	0.06	0.50	1109	5
OML	1.04↑	1.12	0.76	1.42	79	9
ONE	0.46↓	0.39	0.17	0.57	255	6
PAS	0.48↑	0.58	0.38	0.75	132	8
PDP	1.23↓	1.20	0.95	1.41	64	13
PRT	1.45	1.48	1.29	1.64	82	20
PWT	0.42↓	0.51	0.15	0.81	494	5
SAS	0.39↑	0.35	0.08	0.58	1023	5
SHL	8.19↑	7.44	6.02	8.62	59	14
SKE	1.09↑	0.71	0.45	0.83	237	13
SMS	4.44↓	4.59	3.89	5.17	58	17
SNX	2.12↓	2.09	0.33	3.56	853	4

# MMA Charts for Falling Equities



# Asset Class Shares

***Please study the following table in conjunction with the course notes...***

***Each week in the ActVest newsletter you will find a table of potential asset class shares, just like the table shown below. This list will save you a huge amount of time and effort when searching for companies that can provide you with 'Better than average' income streams. Your valuable time can now be spent researching a small handful of potential candidates...not hundreds.***

The following table of potential 'Asset Class Shares' is generated using StockDoctor's search function, StockFilter, with the following set of parameters. ([www.stockdoctor.com.au](http://www.stockdoctor.com.au))

- Market capitalization of at least 100 Million dollars
- Dividend yield greater than the official RBA cash interest rate
- Fundamentally sound - companies must currently be StockDoctor Star Stocks
- The P/E ratio must be less than 15 and the P/A ratio must be less than 5

**The Reserve Bank of Australia's cash rate at the time of printing = 4.75%**

## Asset Class Shares

<i>Company Name</i>	<i>Code</i>	<i>P/A Ratio</i>	<i>P/E Ratio</i>	<i>Dividend yield%</i>
AlintaGas	ALN	2.52	12.78	5.28
AV Jennings Homes	AVJ	1.24	6.90	10.11
Blackmores Laboratories	BKL	4.92	13.39	5.43
Bristile	BRS	2.28	10.57	5.73
Casinos Austria Int.	CAI	2.79	6.67	6.00
Centennial Coal Company	CEY	1.39	9.58	5.09
Crane Group	CRG	1.51	12.33	5.99
Joe White Maltings	WJM	1.45	8.00	5.58
Simsmetal	SMS	2.60	14.14	5.18
Stockland Trust Group	SGP	1.36	14.38	6.70

***Note that the results shown in the above table are based on out-of-date information.***

# Complete ActVest Share Lists

*The following lists, although incomplete, normally contain all of the shares under analysis for trading both long and short. These lists are updated on a regular basis.*

## Equities for Trading Long (Financially Healthy Companies)

<u>Company</u>	<u>Code</u>	<u>GICS Sector</u>
A. V. Jennings Homes	AVJ	Financials
Abigroup	ABG	Financials
Adelaide Bank	ADB	Financials
Adtrans Group	ADG	Consumer Discretionary
AlintaGas	ALN	Utilities
Altium	ALU	Consumer Discretionary
Amcor	AMC	Materials
Anglogold	AGG	Materials
APN News & Media	APN	Consumer Discretionary
Aquarius Platinum	AQP	Materials
ARB Corporation	ARP	Consumer Discretionary
Aristocrat Leisure	ALL	Consumer Discretionary
Auckland Int. Airport	AIA	Utilities
Aurion Gold	AOR	Materials
Australia & NZ Banking	ANZ	Financials
Autron Corporation	AAT	Information Technology
Bank of Western Australia	BWA	Financials
Bendigo Bank	BEN	Financials
BHP	BHP	Materials
Billabong International	BBG	Consumer Discretionary
Blackmores Laboratories	BKL	Health Care
Brickworks	BKW	Materials
Bristle	BRS	Materials
BRL Hardy	BRL	Consumer Staple
BT Office Trust	BTO	Financials
Burns Philp & Company	BPC	Consumer Staple
Cabcharge Australia	CAB	Financials
Capral Aluminum	CAA	Materials
Carlton Investments	CIN	Financials
Centennial Coal Company	CEY	Energy
Central Equity	CEQ	Financials
Clough	CLO	Industrials
CMI	CMI	Industrials
Coal & Allied Industries	CNA	Energy
Cochlear	COH	Health Care
Coles Myer	CML	Consumer Discretionary
Commonwealth Bank Of Aust.	CBA	Financials
Computershare	CPU	Financials
Consolidated Ruttle	CRT	Materials
Corporate Express Australia	CXP	Consumer Discretionary
CSL	CSL	Health Care
CSR	CSR	Materials
Danks Holdings	DKS	Consumer Discretionary
David Jones	DJS	Consumer Discretionary
Diversified United Investment	DUI	Financials
Equigold NL	EQI	Materials

## Equities for Short Selling

## (Financially Unhealthy Companies)

<u>Company</u>	<u>Code</u>	<u>GICS Sector</u>
A P Eagers Holdings Ltd	APE	Consumer Discretionary
ABB Grain Limited	ABB	Consumer Staple
Aberdeen Leaders Ltd	ALR	Financials
Adcorp Australia Ltd	AAU	Consumer Discretionary
Adsteam Marine Limited	ADZ	Industrials
Adtrans Group Ltd	ADG	Consumer Discretionary
AMCIL Limited	AMH	Financials
AMRAD Corporation Limited	AML	Health Care
Anaconda Nickel Limited	ANL	Materials
Austar United Communications	AUN	Consumer Discretionary
Australand Holdings Limited	ALZ	Financials
Australian Magnesium Corp.	ANM	Materials
Aust. Pharmaceutical Industries	API	Health Care
Autron Corporation Limited	AAT	Information Technology
Axon Instruments Inc	AXN	Health Care
Bidvest P.L.C.	BHL	Consumer Staple
Burns Philp & Company Limited	BPC	Consumer Staple
Catuity Inc	CAT	Information Technology
Cellestis Limited	CST	Health Care
Chiquita Brands South Pacific	CHQ	Consumer Staple
CMG C H China Investments	CHV	Financials
Comm. Diversified Share Fund	CDF	Financials
Cumnock Coal Limited	CMK	Materials
Dalrymple Resources NL	DRE	Materials
Ecorp Ltd	ECP	Consumer Discretionary
Envestra Limited	ENV	Utilities
ERG Ltd	ERG	Information Technology
Foodland Associated Ltd	FOA	Consumer Staple
Funtastic Ltd	FUN	Consumer Discretionary
Futuris Corporation Limited	FCL	Consumer Staple
Genetic Technologies Ltd	GTG	Health Care
Gold Mines of Sardinia	GMS	Materials
Grand Hotel Group	GHG	Financials
Gribbles Group (The)	GGL	Health Care
GWA International Limited	GWT	Industrials
Housewares International Ltd	HWI	Consumer Discretionary
Hudson Timber & Hardware	HTL	Industrials
Hutchinson Telecom. (Aust)	HTA	Telecommunication Services
Integrated Group Limited	IWF	Industrials
Investment Co. of the West	ICW	Financials
Kagara Zinc Ltd	KZL	Materials
Keycorp Ltd	KYC	Information Technology
Legalco Limited	LCO	Industrials
Lend Lease Corporation Ltd	LLC	Financials
LookSmart Limited	LOK	Information Technology
McPhersons Ltd	MCP	Industrials
Metabolic Pharmaceuticals	MBP	Health Care
Metal Storm Ltd	MST	Industrials
Metcash Trading Ltd	MTT	Consumer Staple
Miller's Retail Ltd	MRL	Consumer Discretionary
Newmont Yandal Operations	NYY	Materials

*Please note that these lists are incomplete and are based on out-of-date analysis by Stockdoctor. They are for the purpose of illustration only and should not be interpreted as factually correct or valid in any way.*