Never Buy Losing Stocks Again

Now let me show you how our new investment system can also keep you from making some very costly mistakes. . .

You see, what I haven't told you yet is that back in January 2000 I also had our investment team use the system to identify companies we should not buy. Stocks most likely to drop in value.

As you can imagine, in January 2000, this was a very long list. But what struck me was the number of big-name companies that were on it. These were widely owned, well-capitalized stocks that most investors felt confident owning. Yet according to the system, they were headed for disaster.

Sure enough, when we looked at the list a year later, the system was right again. I won't ask you to read the entire list, but here are some highlights...

Do Not Buy In 2000

Company	Jan. 2000	Jan. 2001	% Loss
AT&T	$48.76	$17.25	-64.26%
Clorox	$50.97	$35.72	-30.8%
Ford	$30.55	$23.19	-24.1%
Gillette	$40.17	$35.93	-10.55%
Microsoft	$111.44	$43.38	-61.08%
Proctor & Gamble	$115.93	$78.06	-32.67%
WorldCom	$47.19	$14.06	-70.2%

As you can see, many investors could have saved themselves a lot of money last year, if they'd had this list. Anyone with $100,000 invested in the above stocks could have avoided up to $45,860 in losses just by having this information ahead of time.

How did we know these stocks were about to take a tumble? The same way we knew which stocks would be winners. In fact, at the end of this report you'll find a link to our current 'Do Not Buy' list, so you can protect yourself from such losses in the coming months. But now, I'd like to show you how you can make money this year...

The Greatest Myth About Investing

As you know, the prices of stocks rise when demand from buyers is high. Now, when I talk about buyers, I don't mean individual investors like you or me. I mean institutional investors. Institutional investors include managers of mutual funds and pension plans, investment bankers, and other very large buying organizations whose collective buying can drive the price of an individual stock through the roof.

Institutional investors share a simple goal-to buy stocks that grow in value. To get the increase they're after, they'll often judge the value of a stock by looking at how fast the company's earnings are growing. From that, they estimate what the company will be worth in the future-to see what kind of return they might get. If the numbers look good, they buy. This style of investing is called growth investing.

Over time, as the growth rate of a company's earnings rises, so do investor expectations for the company, and the price they're willing to pay for its shares.

There's a widely touted theory, called the Efficient Market Hypothesis, which says that, because investors are constantly reviewing new information as it becomes available, and adjusting their expectations for each company accordingly, a stock's price at any point in time reflects the best estimate of its true worth. In other words, on any given day, the price of any stock exactly equals its value. No stocks are ever overpriced or underpriced.

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