

BLUE MOON INVESTMENTS PROSPECTUS FOR POTENTIAL NEW PARTNERS

Blue Moon Investments (BMI) is an investment club formed as a general partnership subject to the laws of the State of Texas. The Blue Moon Investments partnership agreement is filed with the Orange County, Texas Clerk's Office.

Blue Moon Investments desires individuals who will be committed to active participation and progressive education in financial study.

This document provides information to assist you in determining whether or not you will be interested in joining Blue Moon Investments General Partnership.

BLUE MOON INVESTMENTS MISSION STATEMENT



A Way to Learn, A Way to Earn

Our mission is to increase the financial knowledge and wealth of our members, to learn about investing in stocks, and to have fun while doing it. This is accomplished through continuous education, sharing of research, and regular investing with a long-term perspective.

PURPOSE: The purpose of BMI is to pool our time and talents to educate ourselves about long-term investing in the stock market.

PHILOSOPHY: BMI's philosophy is to study and purchase only good quality stocks that have the potential to double the value of our portfolio every 5 years. Investments that double in value every 5 years require a compounded annual return of 15%.

INVESTING METHOD: Fundamental analysis, as detailed by Better Investing, formerly the National Association of Investors Corporation (NAIC).

OBJECTIVE: Our objective is to provide an avenue, of creating a process / environment of learning principals and values to enhance one's ability to improve their investment skills while minimizing risk and maximizing profits with the highest level of integrity.



GOAL: Our goal is to double the value of our investments every five (5) years. We believe this goal will be achieved by using NAIC techniques for actively investing and monitoring our portfolio, and adhering to these four principles:

1. Invest regularly
2. Reinvest earnings
3. Invest in growth companies
4. Diversify to reduce risk

CLUB MEETINGS: Our meetings are held on the first Monday of each month from 7:00PM to 9:00PM in the home of one of our Partners. The time and place is subject to change from time to time. We try to adhere to these meeting times, and seldom do we start late or run over.

At each meeting, Partners make their monthly capital contribution to the Treasurer who deposits the money in the Partnership's bank account. The minimum monthly capital contribution is \$50.00, but you are free to invest more. Each contribution buys shares (or units) in the club, much like a mutual fund works. The value of your capital account is based upon the number of shares you own and the current per-share value.

At a typical meeting we conduct our business segment, assess our portfolio, share information we've gathered in between the meetings, listen to stock reports, engage in business discussions, and learn new things during our education program. Most meetings leave us excited and eager for more!

GUESTS AND NEW PARTNERS: Partners may invite guests to any meeting. A prospective partner must attend at least two monthly meetings as an observer within a contiguous 3-month period before becoming a candidate for the partnership. At the end of the second meeting attended, the prospective Partner will be excused from the meeting and the Partners in good standing will vote on the membership request.

NEW PARTNERS: Individuals who are interested in learning more about Blue Moon Investments are free to contact one of the current Partners. Our meetings are open, as long as you are a guest of one of the attending Partners. If after attending a meeting you decide that you would be interested in becoming a Partner of Blue Moon Investments you would need to follow the procedures outlined in the club By-laws. However, Blue Moon Investments will not accept any new partners when the total number of Partners reaches twenty-five.

EDUCATION OF NEW PARTNERS: New Partners are not expected to know anything about investing when they join. The club teaches stock analysis to its members. The club always strives to increase its investing knowledge. At various times, meetings are devoted to learning new techniques or improving old ones.

USING CLUB INFORMATION FOR YOUR OWN BENEFIT: Partners may buy and sell stock for their own portfolios based on information gathered by the club. This is perfectly acceptable.



COSTS:

New Partner costs include:

1. New Partner's Initial Contribution	\$350.00
a. \$100.00 – Initiation Fee which will be distributed equally among all active Partners' capital accounts for the purpose of offsetting Partnership expenses previously incurred.	
b. \$200.00 – New Partner's Capital Account Funding	
c. \$50.00 – Current month's Capital Contribution	
2. Better Investing annual membership	\$79.00
3. Better Investing <u>Stock Selection Handbook</u>	\$20.00
4. Stock Central annual membership fee	\$39.00
5. "NAIC Classic Plus" Stock Analysis Software	<u>\$79.00</u>
Total New Partner Startup Costs	\$567.00

NEW PARTNERS ARE EXPECTED TO DO THE FOLLOWING:

1. Carefully review the Partnership Agreement of and the Bylaws of Blue Moon Investments available online at www.bivio.com/bluemoon/files/Blue%20Moon%20Documents.
2. Sign the Partnership Agreement of Blue Moon Investments.
3. Supply the necessary information for partnership records.
4. Have access to a computer with Internet access and establish an email account.
5. Attend Partnership meeting regularly.
6. Participate actively in Partnership meetings.
7. Pay \$350.00 Initial Contribution at the time membership is accepted by Partners.
8. Join and maintain an annual membership in Better Investing (NAIC).
9. Join and maintain an annual membership in Stock Central.
10. Purchase NAIC Classic Plus stock analysis software.
11. Obtain and read the Better Investing Stock Selection Handbook.
12. Complete online "Stock Selection" tutorials available at www.betterinvesting.org.
13. Make a capital contribution of at least \$50.00 per month to their account.
14. Learn to complete and present the Stock Selection Guide. Making a presentation of his own design should prove the completion of this requirement.

ANNUAL AUDIT: The club's treasurer undergoes an internal audit every January.

WITHDRAWALS OF FUNDS: Partners have access to their funds throughout the year. However, to protect the long-term club portfolio, short-notice withdrawals are discouraged by a 3.0 percent surcharge. This is merely to cover costs that the Partnership would accrue as a result of the withdrawal.



CONSIDER JOINING BLUE MOON INVESTMENTS IF:

- You're new to investing and are looking for a good way to get your feet wet.
- You'd feel more comfortable learning about investing with others than on your own.
- You have \$50.00 you can invest through the club each month.
- You've been putting off learning about investing and sense that having a responsibility to the group would provide some much-needed discipline.
- You think it would be fun to have a group of people with whom to share company research and to discuss investing topics.

Investment clubs serve as a terrific way for those new to investing to learn more about it in a friendly group setting. Many people are terrified of taking their first investing steps and clubs make this relatively painless, as members contribute modest sums and invest carefully together after deliberating the pros and cons of any action.

Many members eventually find that the clubs guide their own personal investing. After a while, their equity in the pooled club account may be relatively small compared with their separate personal accounts. Club meetings will offer many good ideas of attractive stocks in which to invest — and while the club may buy a few shares, members often go home and buy more shares for their own accounts. You may not have the time to research several stocks each month on your own, but by participating in a club, you'll share in the research of others and have the extra bonus of a group setting in which to discuss investing ideas and issues.

WHAT YOU NEED TO KNOW ABOUT JOINING BLUE MOON INVESTMENTS:

First and foremost, you should know that an above average desire to learn far outweighs any experience in investing. So if you are new to all this, don't be afraid to join. It takes investors of all levels, working together, to create the best learning environment. Peter Lynch (Fidelity Magellan Fund) once said that an average individual, using 3% of his brain, could outperform any professional analyst! While this may be an exaggeration, we agree that an average person, if motivated, can do an excellent job of building wealth on his or her own.

If you enjoy reading and playing with numbers (the simple stuff — addition, subtraction, multiplication and division), and if you enjoy working in a team-like environment, then you just might enjoy the club experience.

Because our club will be doing much of our research, accounting and communicating online, each member must be equipped with an IBM-compatible computer. We recommend Windows 2000 or XP with 64mb of Ram or higher with a CD ROM.. These are the requirements of the NAIC software we use. Internet access, and an email account with the capability to send and receive attachments, will also be needed. Our club has its own website, chat room and message board at www.bivio.com/bluemoon.



We know this must sound positively over-whelming! But we can assure you, it's very systematic and easy to learn. And to ensure that you start off on the right foot, your initial cost of joining the club includes the purchase of an NAIC stock analysis software program called NAIC Classic Plus. It's a great program that takes most the mystery out of analyzing stocks. With this program we can learn about a company's history and the quality of its management. With a few judgments from us, it'll tell us whether a company is over or under priced, and at what price we should consider buying. There's more! We can follow a stock in the portfolio management section, and it will tell us when it hits our buy target! The software is a one-time purchase, with occasional updates — most of which are free. We believe it's a necessary and worthwhile expense (currently \$79). StockCentral.com has data files on thousands of public companies that can be screened to determine their quality. Members pay \$39 per year to access Stock Central.

Finally, we strongly suggest you purchase a copy of Take Stock by Ellis Traub (currently \$11 on Amazon.com). It will help you understand our philosophy and investing style. It may be the most helpful tool we can offer. His style and ability to convey in simple terms the complexity of investing in the stock market is second to none! And this book will make learning the stock analysis software a pleasurable experience.

The club functions as a group and our success or failure will hinge, in large part, on the effort we put forth. While we want the club activities to be enjoyable, we also expect a willingness to participate from our Partners. The club expects that each partner will attend the majority of meetings and make monthly capital contributions on time. In addition to attendance at regular monthly meetings, you should also be prepared to commit at least 4 hours per month to the club and its investments. This is only an approximation, as the time required will vary from month to month.

To ensure your success, you will be given an orientation meeting prior to induction into the club. Here, you will get a tour of our online tools, our software program, our accounting program and samples of our computer-generated stock studies and other reports. We will explain how the meetings and committees work, and answer any questions you may have. We are also continually adding information to our website which is packed with articles and websites to help you better understand investing, in general, and investment clubs, in particular.

We know that committing to something new and unknown can be rather daunting for some. That's why we want you to understand that, while we are looking to add new Partners with a long-term horizon, we are not asking for a life-long commitment. Any club partner is free to depart at anytime.

If you are not completely comfortable with the structure, goals or requirements of our club, then you should probably not apply for membership. We don't want anyone to commit if they do not feel completely compatible and prepared to be an active Partner in Blue Moon Investments.