PACIFIC INVESTORS INVESTMENT PARTNERSHIP FACT SHEET©

WHY **INVEST IN THE STOCK MARKET**?

Invest in the stock market to earn the higher long-term rates of return available from company ownership. Stock owners share in profits through dividends and stock price increases. **Since at least 1926, investing in stocks has outperformed all other investment opportunities**. The 1926-2012 historical record of the stock market averages (Dow-Jones Industrial Average [DJIA] and Standard and Poor's 500 [S&P 500]) show that while prices are continually moving up and down, the trend is up **9.93%** compounded annually. Since 1926, the average bull market has delivered returns of more than 110%, while the average bear market during that time declined about 24%.

WHAT ARE **INVESTMENT CLUBS**?

They are groups of people who come together for fun, education, and profit. Investment clubs are not new. The oldest known investment club still in operation is The Hamilton Trust, with 57 partners, ages 30 to 90. It was founded in January of 1882, in Boston. Mutual funds started 42 years later, March of 1924, in Boston. Many investment clubs have operated for more than 30 years. Most clubs are going strong after only 2-3 years of experience. Numerous clubs have accumulated more than one million dollars. Some clubs have several million dollars. Many clubs that include beginner investors, allow investing smaller amounts so their portfolio can build as their knowledge and experience grows. Experienced investors find investment clubs a way to broaden their knowledge, including analytical methods, and are a source of information for their personal portfolios: research ideas, and contacts with other partners. The Federal government (the SEC) **limits** Investment clubs' size to less than **100 partners** and not more than **$25,000,000** in assets.

BetterInvesting™ (BI) was founded in 1951 to serve Investment Clubs.

BetterInvesting's surveys show that over time their average member has become a more successful investor by using their proven investment tools. You do not need to be rich to invest. In fact, surveys show that **BetterInvesting members invest an average of $84 per month in their club accounts**. They urge: "*Set up an automatic transfer from your checking account to add money to your investment account regularly*." They say: "*By investing a mere **$100 a month for 40 years** and earning an average **15 percent** you would end up with a portfolio worth over **$3 million**.*" Their principles: 1) Invest a set sum regularly, 2) Reinvest earnings and dividends, 3) Buy growth stocks, and 4) Diversify. While employed at the **Washington State Treasurer's Office** (1975–1981), our founder, **Bruce Ellis**, served on BetterInvesting's Puget Sound Chapter Board of Directors, and in 1979-80 served as **Puget Sound Chapter President**. He recently served again, for ten more years, as a **Chapter Director, Instructor, and VP of Events** through 2015.

WHAT IS **PACIFIC INVESTORS INVESTMENT PARTNERSIP**?

Our Goal and Mission Statement is to **"*Double Our Money in Five Years.*"** That takes a **15% annual return.** We founded Pacific Investors 6/12/1975 on a mission to learn how to **earn an extra 5% return**, for 15% total. ***Invest Smarter*** using the *best 1) **strategies**, 2) **tools**, and 3) **investing education**, as we learn, innovate, and adapt to consistently increase our net worth.* Our portfolio of over **$5,500,000** is diversified across **500 companies** to protect against any one company's drop in price from hurting our overall portfolio's value. *Most people do not get rich by working, but by **wisely managing their assets, or money, they have already made, using proven, rules-based systems**.* Our partners do research each month and post their results online. Each ***Partner Team*** presents a proposed **new** investment each month to the other partners. We use **Tax-Smart investing**: 60% taxed as long-term capital gains **at 0%, 15%, or 20% rates**, and 40% short term Capital Gains, taxed at your individual tax rate, and all are aided by **Broad-Based Index Options**.

Here is how it works: we buy a portfolio of securities, **selected by our powerful investment method**, and then whatever amount of money a partner **invests in our partnership** goes to buy a piece of our portfolio, **at net asset value**. **As partners**, we **select** the securities, **review** them each month, and **decide when to sell them**. We receive **diversification, liquidity,** and **ownership rates of return**. "***Directional traders need price movement in order to profit, but options spread traders don't.***" P 13 ***Proven Option Spread Trading Strategies***, by Billly Williams.

"…***the best way to gain from any appreciation**." P 182 "**Don't ever again let anyone tell you that stock options are inherently risky. When used correctly options are conservative, and common stock is much more risky***." P 186-187 ***Getting Back to Even***, by **Jim Cramer** with Cliff Mason.

We save wherever we can**: Our Option Commissions cost us $.10 per contract, $0.65 is standard.** We invest every month, share our PI rate of return, have a vote on all our partnership's investments, and have a **seat at the table** giving partners a **voice** in our operations and an **education** about investing with options. We **have 24/7 access to** our **online web site** linking our **online accounting, two broker/dealer accounts** and **third-party independent research**. Our **picnic** is in August, our **holiday party** is in December, and our **Education Conference** is in April. We have used options **since 1975**. **Learn how to best use options**. **We get to bounce our ideas off our fellow partners**.

We are **co-ed,** with **28 partners, 23** males, and **five** females, aged **23 to 93**. We **meet monthly via Zoom. We** present three **Workshops/Help Sessions each year, as help from your partners**. Our A**nnual Education Conference is held in-person. It's an unrivaled experience: a Get Acquainted Dinner: a FREE Pizza and soda event, breakfasts, lunches, receptions, dinners, a Roundtable Symposium, 22 classes,** an **Annual Awards Banquet,** and **a cash raffle.** A study shows groups of both men and women, like PI, **earn a 2% diversity premium**. **Grow $250,000 in 15 years**, **if you invest $300/month at 17.19%, compounded monthly, it results in that $250,000**. **5 years $28,221.78. 10 years $94,473.15. 15 years $250,000. 30 years $3,484,235.08. 45 years $45,325,341.24**.

We use an **online accounting service** that provides 17 detailed on-line reports. It provides leading accounting solutions for investing, including full partnership accounting, categorized expenses, and IRS taxes: schedules D, L, M, and form 8949. It takes care of the routine work, so we have much more time for investing. It records our **partner contributions, all transactions, trades, etc**. We've hired a CPA firm, Moss Adams, to prepare our **K-1s**. Your Federal Tax information, for filing your federal income tax, is on your K-1 which is made available to you by March 15th each year.

We use both **Fidelity, and E*Trade,** and their websites**.** Collectively they offer **more third party independent research firms than any one website:** Argus, Credit Suisse, Ford Equity Research, I/B/E/S From Refinitiv, Integrity Research Associates, Investars, ISS-EVA, Jefferson Research, Market Edge, McLean Capital Management, Morgan Stanley, Morningstar®, MSCI, Recognia, Refinitiv/Verus, Research Team, Social Market Analytics, Smart Consensus, StarMine from Refinitiv, The Hightower Report, Thomson Reuters, The Street, TipRanks, Trading Center, TREFIS, ValueEngine, and Zack's Investment Research**.** We use the **Power E*Trade Platform** for our **PI Trading Platform.**

All our securities and cash are protected in **SIPC insured brokerage accounts**. SIPC protects investors against losses at brokerage firms from a broker's failure. SIPC covers, at each brokerage firm, up to **$250,000 of cash** or up to **$500,000 of securities**. Coverage does not cover declines in the market value of securities. Our trading brokerage firm, **E*Trade from Morgan Stanley**, has Lloyds of London insurance for **$900,000 of cash** and **$150,000,000 of securities**. We also have **$2,000,000 of General Liability insurance,** including **$100,000 of damage to rented premises**.

Our Innovations: 1) You're invited to visit **an on-line PI meeting** before you join, 2) hands-on **PI guidance from a PI mentor to help you learn the ropes**, for **step-by step training**, 3) **You join a Sitter Team** when you become a PI partner, 4) we host three ongoing **Workshops**/**Help Sessions each** year, 5) **Two strategies** let us make money **without the stock price going up**, 6) **Tools**: a) **Buy Memo**, (**what to buy**), b) **Company Candidates, (when to buy),** c) **MoneyMachine© (will it work),** d) **Guidance Comments, (how to do it),** e) **Portfolio Status, (when to sell),** f) **Completed Positions, (how we did), and** g) **Portfolio Reviews,** 7) **Education Curriculum**, 8) **three 1st Saturday Workshops**, 9) Education Curriculum **Tracking** and a **CPI® Program**, 10) a **Lifetime Outstanding Partner Award**, 11) **You will oversee over $5,500,000 of assets**, 12) **PI *at Sea***: are 7 to 21-day **optional** low cost **Cruises**; 13) **Zoom** access to our **monthly partner meetings**, 14) **the most third party independent research**, 15) **penny accounting and a Self-Deposit System**, 16) **partner view-only access** to brokerage accounts and our accounting data, **24/7**, 17) investment advisory services, 18) **online accounting**, 19) **our own investment partnership web site**, available **24/7**, 20) **electronic links between** our two **brokerage accounts and our online accounting firm**, 21) **daily valuations and transaction updates**, 22) **Broad-Based Index Options**, and 23) **Tax-Smart Investing: 60% long-term Capital Gains** (with **0%, 15%, or 20% rates**,) and 40% short-term Capital Gains, taxed at your individual federal income tax rate.

WHERE DID **THE IDEA FOR PACIFIC INVESTORS** FIRST COME FROM?

A **Seattle Queen Anne High School** economics class project that invested in **the stock market**. Our founder had held a paper route since eighth grade and invested his paper route money in this class project. That led to an invitation from his teacher to attend a **Junior Achievement** meeting. He attended the meeting, joined, and selected a JA company counseled by **Merrill Lynch**. He was elected **President of his company**, **ECONCO**. It was selected, out of 51 companies, Company of the Month that November. **The Seattle Times** Business Editor wrote a long article on ECONCO that December. It competed for **Company of the Year**, becoming a finalist, but fell short of winning. However, it's president and our founder, Bruce Ellis, was selected the **Pacific Northwest Junior Achievement President of the Year**.

NINE INVESTMENT STRATEGIES USED BY PACIFIC INVESTORS:

1) TECHNAMENTAL analysis merges both **Fundamental** and **Visual** analysis to help in security decisions. We begin with fundamental analysis, using objective criteria; we measure any potential company to determine if we would want to own the company's stock and at what price. We use visual analysis to view the company's fundamentals in that analysis.

2) INVEST REGULARLY with **DOLLAR COST AVERAGING** to protect against **market risk**. In this strategy a person invests the same fixed dollar amount on a regular schedule, in stock, mutual funds, ETFs, indexes, or investment clubs. Dollar cost averaging works because partners buy more shares when prices are low and fewer when prices are high. The result is a partner's average cost is reduced. Over time, partners buy more investment for fewer dollars.

Dollar Cost Averaging Monthly Investment Example

Dollar Amount Purchased	Price of Shares	Number of Shares
$100	$100	1
$100	$ 50	2
$100	$ 25	4
$100	$ 10	10
$100	$ 25	4
$100	$ 50	2
$100	$100	1
$700		24

The total amount invested was $700 that grew to be worth $2,400, yet the start and end price of the stock are the same.

3) REINVEST EARNINGS AND DIVIDENDS. Put everything you make from investments back into investments. If a company pays dividends, reinvest that money to buy more of the same or other companies. When you sell a company, immediately reinvest that money in another company. From 1926-2012 the S&P 500 index earned 9.93% if you reinvested dividends. 57% of the gain was from capital appreciation. The remaining 43% was from reinvesting dividends.

4) BUY GROWTH or UNDERVALUED COMPANIES. Buy companies whose sales and earnings are growing faster than the overall economy, that is, that have a 15% or higher average growth rate in sales and earnings. Growth is fueled by several elements: superior management, new products, expanding markets, or the discovery of new resources. We determine the intrinsic value of assets and current and future profits and pay a price equal to or less than that "fair value."

5) DIVERSIFICATION – Helps to protect against company-specific, or **business risk**. By pooling our financial resources, we spread our dollars among more companies than we each could on our own. This principle of diversification spreads business risk over more companies as we add to our portfolio size. A diversified group of 20 companies eliminates 85% of company-specific risk, for 30 companies the figure is 90%. For a diversified group of 50 companies the figure is 93%.

6) LONG TERM INVESTING – Helps protect against **market risk**. Historically, investors who have stayed in the market through inevitable periods of declining stock prices are typically rewarded for their patience. The longer they are in the stock market the greater their chance of making a profit. Ibbotson Associates reports market results for 1926-2002:

One-year periods made money 70% of the time and lost money 30% of the time.
Five-year periods made money 89% of the time and lost money 11% of the time.
Ten-year periods made money 97% of the time and lost money 3% of the time.
15-year periods made money 100% of the time and lost money 0% of the time.

7) THE MAGIC OF COMPOUNDING: One of the reasons investing over time is so profitable is that earnings compound, and as a result, grow by larger and larger amounts.

At 17.19% Per Year, Compounded Monthly

Amount Invested	10 yrs.	15 yrs.	20 yrs.	25 yrs.	30 yrs.	35 yrs.	40 yrs.
$300/month	$94,473	$250,000	$615,103	$1,472,193	$3,484,235	$8,207,556	$19,295,678
$400/month	$125,964	$333,333	$820,137	$1,962,924	$4,645,646	$10,943,408	$25,727,571
$500/month	$157,455	$416,666	$1,025,172	$2,453,655	$5,807,058	$13,679,260	$32,159,464
$600/month	$188,946	$500,000	$1,230,206	$2,944,386	$6,968,470	$16,415,112	$38,591,357
$700/month	$220,437	$583,333	$1,435,241	$3,435,118	$8,129,881	$19,150,964	$45,023,250

8) BROAD BASED INDEX OPTIONS: Bull Call (Debit) Spreads, and Bull Put (Credit) Spreads:

Help us **earn our annual return.** The newer American style options began April 26, 1973, with 16 stocks. Our founder, Bruce Ellis, while back at **Washington State University** in 1974-1975 attended Professor Don Pelton's finance class. Bruce also had a computer class. He used both courses to study the new options. He wrote a computer program, as his semester project, to calculate the rates of return of all call options, on all option stocks, 32 by then. On May 1, 1975, 3% fixed-rate commissions ended, allowing **discount** commissions, later **flat-rate** and then **$0 stock commissions**. **Bruce founded Pacific Investors on June 12, 1975.** PI achieved success writing covered call options, with a 16.34% average annual return for our first five years. PI fought the idea that all options are risky. The option strategies of yesterday are now viewed as conservative and allowed in Individual Retirement Accounts. Covered Calls, Cash Covered Puts, Long Calls, Bull Call (Debit) Spreads, and Bull Put (Credit) Spreads are the only five strategies (of 50) we have used. Options have continued to grow and expand in recognition, use, and volume; they are now traded on almost 6,000 companies.

Our founder, Bruce Ellis, developed a **Covered Call Spreadsheet**. If you decide you want to use covered calls to offset your long stock positions, what tool are you going to use to help you evaluate your potential investment decisions? We have learned to use the **Stock Selection Guide** (SSG) to help select which companies to buy. May we suggest the **Covered Call Spreadsheet** to help **evaluate which covered calls to write**? The spreadsheet walks us through a covered call step by step. It covers three potential outcomes: 1) stock price unchanged, 2) stock price rises, and 3) stock price declines. The completed spreadsheet helps us decide if we want to write the call, and at which strikes.

A Chicago Board Options Exchange (CBOE) research paper says, "*Covered call writing is a common strategy among investors managing retirement accounts, either for themselves or for others. This strategy **outperforms outright stock ownership** in stable markets and reduces stock price risk by the premium received. The premium provides extra income and reduces the breakeven point on the stock position. Note that the covered call seller does have risk of stock ownership, but the risk is reduced by the premium. The covered call will **outperform outright stock ownership** in down markets and neutral to moderately up markets, with reduced downside risk. By selling put options backed with cash, investors may increase their stock holdings at targeted prices which are below today's market price. Put sellers obligate themselves to buy stock at the strike price, in exchange for an up-front premium. Investors that wish to buy stock at the strike, and have the cash to do so, may find that selling puts is a useful device for accomplishing their goal.*"

PI provides its partners education about **exchange-traded stock equity and Broad-Based Index Options**, **LEAPS**, **Jumbo** and **Mini-Options, covered calls**, cash-covered puts, **calls as a stock replacement strategy**, **long options, bull and bear call and put spreads**, **index options and spreads**, and rolling up and out. However, we do **not trade: Forex or Commodities options**.

Management of Our Option Positions. Follow-Up Actions.

Do Nothing until Expiration.
Closing Part or All of the Position.
Rolling Options. Rolling refers to the process of closing out the first or older option position and opening a new option position on the same stock or index in its place. The act of rolling involves both a purchase (to close your original position) and a sale (to establish a new position).
Rolling Up. Substituting an option with a higher strike price.
Rolling Out. Substituting an option with a more distant expiration.
Rolling Up and Out. Roll up but also move out to a more distant expiration month.
Rolling Down. Substituting an option with a lower strike price.
Rolling Out. Substituting an option with a more distant expiration.
Rolling Down and Out. Roll down but also move out to a more distant expiration month.

9) MONTHLY PORTFOLIO MANAGEMENT. Evaluate, analyze, adjust, and rebalance holdings once or twice a month. Track the actual investment growth vs. the estimated growth. Consider selling securities with low future growth potential. Consider opening security positions with a high future growth potential.

HOW MUCH DO I NEED TO INVEST in PI MONTHLY?

We have limited ourselves to **a maximum of 32 Senior Partners. PI wants *serious partners*** whose monthly investment is ***serious money,*** to both the partner and to PI. Partners must invest at least **$300 monthly**, yet you may invest more. **Investing $300 monthly for fifteen years and earning 17.19% yearly, compounded monthly, results in $250,000.** Partners endeavor to **present at least one proposed new partner within three years** and strive to reach an account balance of **$250,000 within 15 years**. **Capital** X **time** X **return** = **results. PI** can help you with **higher returns**.

Regular investments help partners maintain a disciplined, long-term investment program. Partners establish with their bank a "**self-deposit"** to transfer a fixed amount on the 10th or 20th of each month **from their bank account to PI's brokerage account**. It is usually done as a recurring bill-pay entry. This is the fail-safe way to **"pay yourself first." Self-deposits** are innovative, convenient, and reliable.

WHAT DOES PACIFIC INVESTORS COST their PARTNERS as a direct charge?
$20/month they don't deposit their minimum. Withdrawals cost $20 but can cost more if your balance is below $250,000.

HOW CAN I meet with some PI Senior Partners for breakfast or lunch, on PI, to learn more – BEFORE JOINING?
Call Bruce at 206-694-2528, with your name, cell, and email address. He'll email you the info on our next get togeather.

APPLICATION: 9/04/23 **Please Print**

______________________ Your Date of birth ______________________ Emergence Contact's Date of birth

We only have one type of account to offer you. The ever-popular individual account.

Are you a US citizen? ____Yes ____ No
Have you read the **Pacific Investors Fact Sheet©** and our **PI Partnership Agreement?** ____Yes ____ No
Do you agree with our Pacific Investors **investment policy**? ____Yes ____ No
Are you willing to **vote monthly**, by proxy, if necessary, **on all our investment decisions**? ____Yes ____ No
Will you **attend our monthly meetings, workshops,** and **do your monthly homework**? ____Yes ____ No
Will the **time, day, or location** of our meetings interfere with other commitments you have? ____Yes ____ No
Will you post **your monthly homework** into your folder on our **partnership Web site?** ____Yes ____ No
Our **PI three-day Annual Retreats** are the **first full weekend of April**; will you attend them? ____Yes ____ No
Do you plan to complete our Curriculum Plan and become a **CPI, Certified Pacific Investor®**? ____Yes ____ No
Are you interested in becoming an officer, ___now or ___sometime in the future? ____Yes ____ No
Are you willing to go along with **a majority vote**, even if you voted against it? ____Yes ____ No
Can you handle **stock market declines** that result in **a loss to our portfolio, and to yourself**? ____Yes ____ No
Have you read our **Partner Responsibilities**? __Yes __No. Will you be able to meet them? ____Yes ____ No
How long, for how many years, do you commit to be a Pacific Investors partner? ____________________
Have you been, or are you now, a member of an investment club? ____________________ ____Yes ____ No
Have you, or are you currently, investing in the stock market? ____Yes ____No For how long? ____________
Are you financially able to, and will you, **add at least $300 monthly** to your partner account? ____Yes ____ No
How much will you transfer **monthly** from your bank account to PI's brokerage account? $____________
On **which date** each month will you deposit your money into PI's brokerage account? __10th __20th of the month?
Do you **also** want to make a **lump sum investment, for example $2,500**? ___Yes ___No $____________

Individual: ____ ____________________
Last First Middle Social Security number

Emergence Contact: ____
Last First Middle

____
Your ADDRESS (If a PO Box, list both Box & street address.) Street City State Zip Code

Your Evening phone number with area code. | Your Daytime phone number with area code. | Your E-mail address if you have one.

Your Cell Phone Number with area code. | Your Alternative phone number. | Emergence Contact's Cell Phone Number.

Contact's Evening phone number with area code. | Contact's Daytime phone number with area code. | Emergence Contact's E-mail address if they have one.

Second Emergence Contact Name | Second Emergence Contact phone number.

The greatest compliment you can give PI is a referral.