Private Investment Club Trounces S&P 500.

"Offbeat" and Arcane Investments Earn Members 114%, 692%, and 906% Profits.

Up next: 978% profits in 19 months?

"This Is No Beardstown Ladies."

By Robert W. Bly, Feature Writer

BALTIMORE—U.S. investors are hurting, having given up $8 trillion in wealth to the latest bear market, which began April 2000. In 2002, the S&P 500 lost 24%, its third annual double-digit decline.

But one private investors' group, known as *"The Oxford Club",* maintains that their members have not only consistently beaten the market, but have profited, through bulls and bears, for each of the last 10 years.

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>
> –C. Alexander Green, Investment Director, *Oxford Club*

In one recent trade, Club members had the opportunity to earn an almost unbelievable return—633%, in just 8 days—on a company with a rather mundane product: packing material.

"Members who took a $10,000 position in this company saw their original investment grow to $73,300 in about a week," said Mr. Green, the Club's Investment Director.

Not all of *The Oxford Club's* recommendations make money. Among their losing trades: Onex Corporation (a 9.2% loss), Mackenzie Cundill Value (5.0% loss), and Renaissance Canadian Income Trust (down 2.5%).

But many *Oxford Club* trades have provided triple-digit gains, according to Mr. Green, a 16-year Wall Street veteran whose global, tax-managed portfolio rose 124% in 2 years with no tax liabilities.

These include 439.47% profits on a Canadian mining company, 114.29% profits on a restaurant chain, and profits of 906.67% on an optical laser manufacturer.

Now Green believes that his latest *Oxford Club* investment opportunity, an Asian blue chip stock, has the potential to earn returns of 978% within the next 19 months.

He calls the company a "dirt-cheap bargain," noting that the stock is selling for 1.9 times book value. "Wall Street has completely missed the boat on this one," Green asserts.

"*The Oxford Club* has an impressive track record of making money in offbeat and arcane investment opportunities, even in bear markets," said *Oxford Club* Membership Director Ruth Lyons. According to Ms. Lyons, the Club's investment portfolio for the last 10 years has a cumulative return of 264.36%.

An audit of *The Oxford Club's* trading records bore out Ms. Lyons's claims. Checking back to 1991, a review of past recommendations compared to documented performance identified 58 trades that have returned 20% or more, with 14 producing gains of more than 100%.

Perhaps more significantly to investors who have suffered severe losses in recent years, the Club's portfolio during the bear market of the past 3 years produced an average annualized return of 12.24%. (During that same 3-year period, the S&P 500 lost an average of 5.24% a year.)

"When I read stories in the *The Wall Street Journal* or speak to investors who lost 50% to 80% of their net worth, I just shake my head," said Mr. Green.

The Oxford Club's Research Director, Chris Matthai, confirmed that over the last decade, an original investment of $100,000 in the Club's portfolio would have grown to over $364,000—"a clear profit of more than a quarter of a million dollars," he said.

"If you think you can't make money in the markets right now, then you simply don't understand how the markets work," Green added confidently.

Beats the S&P by 170%

Unlike most of the nation's 37,000 investment clubs, *The Oxford Club* publishes all trading recommendations in its members-only newsletters and e-mail alerts—making it easy to review and document their investment track record.

This "paper trail" also makes it easy to identify certain standout recommendations, such as the one that *Oxford Club* analyst Lynn Carpenter made after the terrorist attacks on September 11, 2001.

Wall Street had panicked, and the price of luxury retailer Tiffany & Co. fell from nearly $28 to $21 a share. Most mainstream financial analysts were saying that shock from the terrorist attacks would put a damper on luxury spending.

Carpenter disagreed, and in a special bulletin advised *Oxford Club* members to "load up" on Tiffany & Co. at $21. Within 9 months, the stock had climbed to $31.50, at which time Ms. Carpenter told Club members to sell and take profits of 50%.

"This was like getting a diamond for the price of cubic zirconia," said Carpenter. "An investment of $25,000 grew to $37,500—which, by the way, can really get you something nice at Tiffany."

Another example: One of *The Oxford Club's* investment advisors, Dr. Steve Sjuggerud, is described in Club literature as "a world-renowned expert in international and emerging markets."

In the March 1, 2000 issue of the Club's twice-monthly newsletter, *The Communiqué*, Sjuggerud predicted that 2001 would be another disastrous year for the U.S. stock market—and recommended safe, high-return investments in, of all places—Ecuador.

The result? While the S&P 500 fell 13%, Ecuador was the top-performing stock market in 2001, gaining a whopping 157%—beating the S&P by 170%.

No Beardstown Ladies

Remember the Beardstown Ladies?

Sixteen women in Beardstown, Illinois had formed a private investment club. They claimed their portfolio earned a 23.4% annualized 10-year return from 1983 to 1994.

The ladies wrote several best-selling books based on their success, and rose to national prominence, sparking a nationwide resurgence of investment clubs.

But 15 years after starting their club, the Beardstown Ladies announced that a data input error had caused them to overstate their returns, which were actually 9.1% annualized over that same period.

"It sounds like a sensible idea—form an investment club with your friends, neighbors, and people from your office—but of course it almost never works," says James Boxley Cooke, Chairman of *The Oxford Club*.

The reasons investment clubs don't usually work, says Cooke, are twofold.

First, the members usually come from the same town, neighborhood, economic class, and background. They all know about and make the same investments, which means no one is coming up with new investment opportunities or ideas.

And second, the information on which they base investment decisions is no better than anyone else's: These small, local clubs simply do not have the budget to buy the sophisticated market data and research that Wall Street professionals use on a daily basis to manage client portfolios.

"If everyone in the club is an amateur, then the only investment ideas being generated are from amateurs," Cooke notes. "Unless someone in your investment club has a proven track record of consistently outperforming the Dow and making big profits on his stock picks, why would you want to follow his advice?"

A survey from the National Association of Investment Clubs (NAIC) proves Cooke's point. The survey showed that last year, the average investment club's portfolio was down 4%. By comparison, *The Oxford Club* has outperformed the S&P 500 by 13.74% a year on average for the past 3 years.

Million Dollar Research Within the Average Investors' Reach At Last

Most local investment clubs have only a dozen or so members. Many are free, and if they do charge dues, the money goes toward "coffee and donuts for the meetings," says Cooke. "Having 15 members pay $10 a month in dues doesn't give you much of a budget for research beyond a subscription to *The Wall Street Journal* or maybe *Barron's*," he notes.

The Oxford Club, by comparison, has a "substantial budget" for proprietary investment research and analysis, according to Lyons. That's because the Club operates on a paid-membership model with a large membership base.

"With over 40,000 dues-paying members worldwide, we can afford research that no other investment club has access to," claims Lyons.

Lyons says that the Club has a budget of "approximately one million dollars" to buy investment research and analysis. "We hire top performers from Wall Street, and these people don't come cheap. We're no Beardstown Ladies club," she notes.

James Boxley Cooke, *The Oxford Club's* Chairman, was formerly a vice president with T. Rowe Price, a mutual fund company with over $132 billion in assets under management.

Investment Director Alexander Green, who has appeared on CNBC and been featured on *Forbes.com* as well as in other leading financial publications, was previously an investment advisor at a large Wall Street firm. He gave up a bonus "in the neighborhood of a quarter of a million dollars" when he resigned from the Wall Street firm and accepted an offer from *The Oxford Club*.

He did it, he says, because of his increasing disgust with what he calls "the Wall Street stock-selling machine."

"Brokers aren't financial advisors," says Green. "They're salesmen, pure and simple. They make money on every trade. If they convince you to buy a stock their brokerage is pushing, they get a commission. If the stock doesn't make money and you sell it, they get a commission."

"The only way for brokers to make money is to convince their clients to buy and sell stocks," says another Wall Street senior VP who prefers to remain anonymous. "If the client makes money too, that's wonderful. But brokerage houses exist primarily to make money for themselves, not for their clients." In December 2002, the nation's 10 leading brokerages and investment banks were fined $1.4 billion for misleading investors by hyping certain stocks.

A 3,365% Stock Tip

"When you have the same information as everyone else, you get the same results as everyone else," says Green. "One of the big advantages of *The Oxford Club* is that we have a global network of contacts who give us the inside track on investment opportunities most investors never even hear about."

For example, last year, Mr. Green got a stock tip from one of his contacts in the scientific community—a man he will not identify but says was designated by *Science Watch* as "the world's leading scientific researcher."

Mr. Green followed up on the tip, which led him to a pharmaceutical company with a promising anti-cancer drug currently undergoing clinical trials, where it has nearly doubled the survival time of lung cancer patients—and reduced tumor size by 50% or more in nearly half of the test subjects.

"This isn't another 'me-too' cancer drug," Green told Club members in a bulletin advising them to buy Isis Pharmaceuticals. "We're confident enough in this type of technology that even if this specific drug doesn't get FDA approval, one based on this new science will. If it does, a $10,000 investment or higher could easily grow to $110,000 or more."

Another example of the Club's access to "inside information" is the tip Green received from a former hedge-fund manager.

Following this tip, Green took a trip to South Africa to research the investment idea further—a publicly traded gold fund, ASA Ltd., specializing in South African gold shares.

"We predicted this sector would boom due to extreme weakness in the South African rand," says Green. "Despite the savage bear market, we locked in a 65.1% profit in July of 2002."

More recently, he told members to buy stock in a Chinese utility that most Wall Street professionals haven't even heard of.

"This past year, China grew at more than seven times the rate of the U.S. economy, despite the fact that the country's population is more than five times as large," says Green.

The tip on the Chinese utility was given to Green by another of the Club's high-powered contacts—George Soros' former partner, whose fund rose 3,365% vs. just 47% for the S&P 500.

"China is no place for an investor for whom preservation of capital is paramount," says Green. "But for more aggressive investors, it is a potential bonanza."

Not Afraid to Say "Sell"

Even during the worst bear market, some stocks go up—and some people make money—literally every day of the year, Lyons notes.

"Our advantage is that with *The Oxford Club's* substantial global resources, we're able to constantly present our members with investment ideas, which they have not heard elsewhere, that enable them to generate substantial above-market returns," says Lyons.

Unlike brokerage firms and Wall Street advisors, *The Oxford Club* tells members exactly when to buy <u>and</u> when to sell.

Continued . . .

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Control Shares of Blue Chip Stocks for 10 Cents on the Dollar

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Instead of using regular options that expire quickly, Mr. Rahemtulla favors Long-Term Equity Anticipation Securities, or LEAPS, for these trades. "LEAPS let us control large quantities of a stock for longer periods of time at one-tenth the price of owning the stock outright," he says.

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She cites as an example B.L. Schwartz, Chairman of the Board of GlobalStart Telecom, who bought 100,000 shares of his company's stock at $13.60 a share. In less than 10 months, it was selling for $49.50, giving Mr. Schwartz a 264% gain and a profit of more than $1 million.

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He also takes pride in having something for everyone—from high rollers to conservative investors, and everyone in between.

One of the alternative investment opportunities Green has advised members to look at is MITTS (Market Index Target Term Securities). He says that MITTS combine the limitless upside potential of individual stocks with virtually zero downside.

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For example, *The Oxford Club* recently recommended Russell 2000 MITTS to its members. According to Green, the initial public offering for these MITTS was at $10 a share. At the time, the Russell 2000—the U.S. small cap index—was at 465.8.

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Additional Club recommendations include commodities, inflation-adjusted treasuries, and global equities. In the latter category, *The Oxford Club* portfolio earned a 50% total return in just 2 years (including dividends) on the Templeton Global Income Fund, which carries a government guarantee on more than 90% of its holdings.

In 2002, the Salomon Smith Barney World Gold Index rose 35.4%, and *Oxford Club* members had the opportunity to profit from several gold mining stocks including Barrick Gold (up 59.7%) and Newmont Mining (up 24.2% in just 1 month).

Bull or Bear, a Bright Future for Club Members

"There has never been a better time to join *The Oxford Club* than right now," claims Green.

The reason? *The Oxford Club* has recently added half a dozen stocks to its portfolio that Green says have the potential to return triple-digit profits in the next one to three years—even if the economy continues to falter, or if terrorist attacks continue to plague the West.

Among Green's current favorite picks:

- America has already built a substantial telecommunications infrastructure, and so telecom stocks have been lackluster in recent years, as orders have fallen off. But in countries that are still building up their communications networks, the major telecom players—and their shareholders—are poised to make money hand over fist.

  Green currently recommends buying shares of an Asian telecom giant whose price has been beaten down by the double threat of the global crash in telecom stocks and the depression aura that pervades the Japanese stock market. This company sells for only 1.9 times book value, while the average U.S. stock sells for almost 5 times book value.

  Plus, the stock sells for just 70% of last year's revenues. The average company in the S&P 500 sells for more than 3 times last year's revenues. "At these prices, the stock is dirt cheap—a steal," says Green.

- With the constant threat of more terrorism and continuing war in the Middle East, George W. Bush has proposed a 48% increase in the Pentagon budget over the next 5 years. Green's favorite defense stock gets over a third of its profits from the U.S. Department of Defense, and its order book is filled with over $70 billion in defense projects.

  "Yet the stock sells for less than half the forward P/E of Lockheed Martin and yields 50% more than the average money market," says Green. "But even though it has a market cap of over $12 billion, we can buy it now for less than $6 a share."

- A massive population (1.3 billion), strong work ethic, cultural commitment to education, and high savings rate (over 30%) are just some of the reasons Green is bullish on China. "As the country develops, we know it will create an insatiable thirst for energy," says Green.

  He is investing in China by buying shares of that country's largest independent power producer—one of the "least risky" ways for U.S. investors to profit from China's annual economic growth (while the U.S. economy has stagnated or been in recession over the past few quarters, China's economy continues to grow at an 8% annual rate).

- "When other investors are running, we can pick up good values at bargain basement prices," says Green. "Take telecom. In the past 18 months, over $110 billion in equity value has been erased in the wireless sector. Yet cell phone usage is booming."

  Green's current wireless pick is such a bargain. While the average wireless company sells for 2.5 times sales, this firm sells for less than 30% of last year's sales.

  But recent massive buying of company shares by the chairman and other senior executives is the real reason for Green's excitement. "There is only one reason an insider invests millions of dollars of his own money in his company's stock at current market prices: He thinks the shares are too cheap to pass up," says Green.

Green would not reveal the names of these companies to this reporter. "That's privileged information, for members only," he says. "Members' dues fund this research, so only they get the benefits of the results."

Lyons says that membership comes with an unconditional guarantee of satisfaction. "If at any time you are dissatisfied, just let us know and we will cancel your membership," she explains. "You'll receive a full refund of the balance of your membership fees."

To join *The Oxford Club* risk-free, send $79 for one year's dues to *The Oxford Club*, 105 West Monument Street, Baltimore, MD. 21201 or call toll-free **1-866-811-4449**.

About the author:

Robert W. Bly is a freelance financial writer and the author of more than 50 books including How to Sell Your House, Coop, or Condo (Consumer Reports Books). *His articles have appeared in* Cosmopolitan, Amtrak Express, New Jersey Monthly, *and* The Money Paper.

❑ Yes, please enroll me in *The Oxford Club* for one full year for the introductory rate of $79—a 47% discount off the regular rate of $149—and rush me investment reports on all current recommendations. I understand I'll also start receiving the twice-monthly *Communiqué* as soon as my payment is processed.

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About the author:

Robert W. Bly is a freelance financial writer and the author of more than 50 books including How to Sell Your House, Coop, or Condo (Consumer Reports Books). *His articles have appeared in* Cosmopolitan, Amtrak Express, New Jersey Monthly, *and* The Money Paper.

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