THE BUFFETT REPORT

The Nine Investing Secrets of Warren Buffett

—and how to profit from them

By Professor John Price

"After only a few days, we came to the conclusion that we could have saved a lot of our clients' money if we used these methods."

— Ron Boer, Managing Director, Asset Management, The Netherlands

Mild Mannered Professor from Sydney, Australia, finally "cracks the code" behind the stunning success of the world's greatest investor.

THE RESULT IS …

The Buffett Report

The Nine Investing Secrets of Warren Buffett

—and how to profit from them

- **If you want to be among the few investors in being able to implement these simple common-sense Buffett-style criteria…**
- **If you're tired of chasing marginal stocks that risk your capital and confused by all the conflicting reports from the media and investment companies …**
- **If you've just plain had enough of stock market movements controlling your life …**

… then you owe it to yourself to take our 30-Day Risk-Free Trial.

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A Simple, Unassuming Man Who Just Happens To Be The World's Most Successful Investor

… Who Forbes' readers think should be the next USA president

WHEN YOU STEP into the lobby of 1440 Kiewit Plaza, Omaha, a guard quickly approaches you and politely, but firmly, asks if he can help. The reason is that a few floors above are the offices of Berkshire Hathaway, the US$115 billion dollar company controlled by Warren Buffett. Without an invitation, this is as far as you will get.

With just 15.8 employees (the 0.8 represents a part-timer) Berkshire Hathaway oversees investments in 27 public companies ranging from American Express to Zenith National Insurance. It also has full ownership of 65 private companies ranging from Acme Building Brands to XTRA.

Warren Buffett is acknowledged by investors around the world as the world's best investor. Suppose someone had the good sense to invest $10,000 in one of Buffett's original partnerships back in 1956 when they first started. And suppose that when the partnerships terminated in 1969, this person reinvested the proceeds in Berkshire Hathaway. Today that person would be worth over $280 million—after all taxes and expenses.

But there is much more to Warren Buffett. His integrity and no-compromise approach to government and business follies has given him an increasingly high profile in the press. Recent articles on and by Buffett include: **Dividend Voodoo** *(Washington Post)*, **Avoiding a Mega-Catastrophe** *(Fortune)*, **The Warren Buffett You Don't Know** *(Business Week)* and **Buffett: The Oracle of Everything** *(Fortune)*.

The clarity of his thinking led to 25 percent of Forbes readers voting for him as the next USA president.

Warren Buffett is a friendly, talkative person who likes to explain his ideas using stories. This is the reason why over 15,000 people crowd into the annual meetings of Berkshire Hathaway in Omaha — to hear him explain his investing ideas using "down-home" yarns.

Despite this easy-going appearance, he is a person of definite action. When he comes across something of value, he acts very quickly.

For example, each year in the annual report he invites owners of companies for sale to contact him. In the report he lists criteria that need to be satisfied by these companies. In the 2003 report he ended with the preference that such businesses lie in the $5-20 billion range.

Despite the size of these purchases, for those who contact him he promises "a very fast answer—customarily within 5 minutes" as to whether he is interested. Even when he is interested, the purchase is consumated almost as quickly, generally with a simple one-to-one meeting. No lawyers, no accountants. Just Warren Buffett and the owner or a principal of the company.

Clearly the **ability to act decisively is a key part of Buffett's success**.

Warren Buffett is also questioned frequently about his philosophy regarding inherited wealth. He has made his opinions on the subject public, and has indicated that he worries that too large of an inheritance would make his three children spoiled. While it is uncertain the amount bequeathed to his children, it is known that after Warren and Susie's deaths, the Buffett's shares of Berkshire-Hathaway are to be left to the Buffett Foundation and distributed to charitable causes. Perhaps this philosophy stems from Buffett's own frugality.

Buffett still lives in the Omaha house he purchased for $31,500 in 1958 and refuses to adopt many of the spending patterns often practiced by the very wealthy (excluding, at one point, his purchase of a corporate jet nicknamed *The Indispensable)*.

Overall, Buffett is often described as a simple, unassuming man whose ideas about life are as interesting as his thoughts on business. He pays little attention to appearances, is passionate about his work and family, loves to play bridge, fanatically consumes Cherry Coke, hamburgers and popcorn – and just happens to be the world's wealthiest and most successful investor.

Dear Fellow Investor,

I am very excited about this report. I had an earlier report but I didn't think that it really brought out the deep principles which I had uncovered in Warren Buffett's methods. It didn't do justice to Buffett, nor did it do justice to what I knew of his methods. Then I woke at 4.00am one Saturday morning and realized that the only way to describe the results of my years of researching Buffett's methods was in terms of secrets.

Immediately I grabbed a pad and starting writing these secrets down. Even the way I did this was out of character for me. I almost always do all my writing on a computer. But at this moment I was so excited I could not even wait for my computer to boot up.

Since that day it has taken many weeks to write them out in a way so that they would be practical to implement. Also to gather together the supporting evidence for them.

In truth, you could say this report really started almost forty years ago when my fascination with unearthing secrets started. For the first 20 years my research career was focussed on uncovering the secrets of nature in the fields of mathematics and physics. This resulted in over 60 papers in leading international journals and three books.

After that I turned to finance and the secrets of international financial markets. The result was another series of papers and two books plus a number of high-level consultancies with major international financial institutions.

Finally eleven years ago I turned to the stock market with the aim of uncovering the secrets of Warren Buffett.

A central characteristic of the way I think is that as soon as I have made a new discovery, I want to do two things. Firstly, I want to find all its practical consequences. Secondly, as an educator I want to make it available to the widest possible audience. I think of the steps as:

Secrets ⇒ Knowledge ⇒ Action ⇒ Success

In terms of this report, this means that I want to take the readers from the deep principles of Warren Buffett's methods through to becoming successful investors.

Not only is Buffett an investing genius. He also has a remarkable memory and can perform lengthy and complicated calculations in his head. So I had to more than just understand his ideas, I also had to develop new tools for implementing them for the general investing community—as well as for myself. These new proprietary tools are contained in my system called Conscious Investor®.

As we go through the nine investing secrets I will explain how each one of them can be implemented in minutes in a practical way using Conscious Investor.

In this Special Report you will discover:

- The Buffett criteria for great companies.
- How you can cut painstaking research down from months to just *minutes.*
- Independently audited performance figures of my own portfolio showing how it returned an average of 19.45% per year compared to 2.82% per year for the S&P 500 between June 1997 and November 2003.[1]
- How a study by Ed Kelly of Trinity College, Ireland, revealed a 10-year average return of 17.3% per year compared with 10.22% per year for the S&P 500 over the same period.
- How this portfolio took less than 90 seconds to obtain using my system, and how, once purchased, no more transactions were carried out for the next ten years.
- How investors around the world are discovering my simple tools that are making Buffet-style investing completely straightforward.
- The ultimate "advice filter" to give you just the very best ideas and eliminate the "glitter" stocks so often promoted by the media.
- How to identify opportunities so clearly and convincingly that you'll be confident and comfortable with every investment decision you make.

In this Report we will see how everything can be put into action using Conscious Investor. The Report also contains internet links to a number of demonstration Viewlets showing even more of the power of Conscious Investor.

[1] Historical performance described here and elsewhere in the report is not a guarantee that such performance will be maintained in the future.

In these revealing demonstrations you will:

- Discover how to know precisely what price to pay for great companies based on your own margin of safety.
- Learn how to access powerful "what if" analysis tools to allow you to test the sensitivity of your stock to changes in key drivers of its share price.
- Recognize how you can avoid the next Enron in the USA or HIH in Australia.
- Learn how to avoid "cash-poor" and wealth destroying speculative stocks that are so often promoted by the media and investment professionals.
- Learn how proprietary intellectual property allows our clients to forecast earnings growth (the basis of future stock prices) with five times the accuracy of Analysts' Forecasts.
- Find out why some big name companies that you may be investing in now, and that are media and analyst darlings, are potentially wealth eroding.
- Discover the high price you pay to be part of the crowd. Find out why the greatest danger facing share market investors is **"unconscious"** investing.
- Learn how a long-term value investing focus generates short term profits as well.

It's amazing!

In 47 years, Buffett's investment company, Berkshire Hathaway has achieved returns of 259,485% versus the S&P 500 returns of 4,783%. The difference in results is an astonishing 254,747%!

An Obsessive Crusade

Have you ever wondered how a quiet and thoughtful man from Omaha, Nebraska, started out with US$100,000 and built it up through both bull and bear markets to an enormous $42 billion fortune?

Have you ever thought to yourself that there should be a way for the average investor and money manager to emulate the common-sense, down-to-earth techniques that Warren Buffett practices?

If so, you're certainly not alone ... and this is why this may well be the most important report you will ever read….

Most Admire Warren Buffett, But Few Try To Copy His Results.

Warren Buffett has been talking about his methods for decades — but few even make the attempt to understand what he is doing. "I have seen no trend toward value investing in the 35 years I've practised it," Buffett declared some years back in the Chicago Tribune. "There seems to be some perverse human characteristic that likes to make easy things difficult."

Most investors and fund managers are still caught in the impossible trap of trying to make quick money in the stock market. Preferably overnight.

Generally when investors want to achieve better than average returns, they speculate…or invest in marginal stocks…or trade more often (incurring ever greater transaction costs and taxes).

All of which is futile. Or worse still, erodes capital even faster.

The Secrets Of The World's Greatest Money Manager

As a professor of mathematics and finance at leading universities around the world for more than three decades I have personally taught generations of investors, analysts and fund managers how to analyze and manage investments. I have also developed large scale trading systems for Bankers Trust Funds Management and organizations like the Australian Wool Board to name just a few.

What Bill Gates and Intel need is another "Killer App" like *Word* or *Excel* to sell software and chips; and Conscious Investor is my candidate.
— Jim Lorenz, Utah, USA

What surprised me when I was teaching and developing these large scale systems was Wall Street's obsession with short-term results. The harsh truth is that this short-term obsession does not work. If you continue to follow the crowd, you will continue to rob yourself (or worse still, in the case of fund managers, your clients) of their financial security.

By the time you take out transaction costs, taxes, and consider the fact that most funds are littered with stocks that are failures**,** it's no wonder that most fund managers fail to achieve even average market returns.

Warren Buffett has demonstrated loudly and clearly that there is an alternative…an approach to investing and money management that will deliver decent returns to investors.

Why model the mediocrity of the masses when now you can copy the success of the World's Greatest Investor?

Because Until Now It's Been Too Hard…

I would be deceiving you if I said that any everyday investor and fund manager could just arbitrarily invest in household companies and make billions of dollars. That's not realistic. The key is to take Buffett's philosophies, and also have a detailed roadmap for how to implement them.

This is where it gets a bit awkward and controversial.

You see, Warren Buffett, for all his candor and accessibility, is actually quite secretive about the nuts and bolts of how he achieves his results. He is very open about his methodologies but only in vague terms. The key to investing like Buffett is to understand that he has a few jealously guarded secrets of extraordinary power. Secrets that, quite frankly, he doesn't reveal to anyone.

Buffett makes no bones about keeping his best strategies close to his chest. In fact, here's a direct quote from his famous Berkshire Hathaway shareholder letters:

> *Despite our policies of candour, we will discuss our activities in marketable securities only to the extent legally required. Good investment ideas are rare, valuable, and subject to competitive appropriation just as good product or business acquisitions are.*

Who can really fault Buffett for being secretive about his ideas? I certainly don't.

The good news for you is that I've spent the past 11 years of my life singularly focused on discovering these "missing ingredients" that Buffett does not reveal!

Now I've found them. Even more, I've simplified these ingredients to make them easy to apply, I've systematized them to give you confidence and I've automated them to save you time. With Conscious Investor you can now begin immediately to emulate Buffett's most powerful strategies. It works equally well for fund managers, financial professionals or novice investors. But I am getting ahead of myself. Let's look at the secrets and how they are implemented using Conscious Investor.

Secret #1: Invest in quality businesses, not stock symbols

FOR MOST PEOPLE, investing in a stock is little more than watching the trail left by the stock symbol as its price wanders along some drunken path. They know that the symbol is associated with a company while not being too sure what is expected of this company to ensure that its share price will rise. It is a case of let's sit back and hope for the best.

Then there are others who deliberately do not want to know anything about the activities of the company. They want to study the "pure" movement of the stock price with the belief that they can use this information to make forecasts about the future movements of the price. Warren Buffett refers to this as trying to play bridge without looking at the cards.

It just makes no sense to ignore the fact that the stock symbol is attached to a company. And it makes no sense not to apply sound business principles to analyze these companies. The more we know about the company, then the more confident we can be about the price of the stock. Not on a day to day basis, but over time.

"When I buy a stock," Warren Buffett said, "I think of it in terms of buying a whole company, just as if I were buying a store down the street." If you were buying a store you would want to know all about it. What were its products? How consistent are the sales? Do they keep trying new products or do their products stay fairly constant? What competitors does the store have and what distinguishes it from them? What would be the most worrying thing about owning such a store?

This leads to the idea of looking for companies that have a strong and durable economic moat. Just as castles have moats to protect them from invaders, so companies can have economic moats to protect them from challenges of competitors and changes in consumer preferences. The moat can be made up of attributes such as brand name, geographical position or patents and licences.

All these principles about purchasing businesses are equally applicable to purchasing shares. It becomes one of the most enjoyable parts of investing to look into the "business" aspects of any company that you are considering adding to your portfolio.

Implementation using Conscious Investor

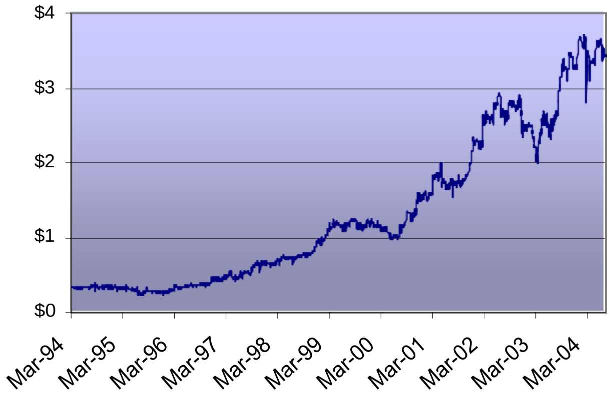
There are three key ways that we help people with Conscious Investor to implement Buffett's method of thinking in terms of "buying the whole company". For a start we provide a Watch List of quality companies in Australia and North America with analyses of their businesses and check lists of their features including their economic moats. Secondly, we also have a Members' Forum where people discuss the attributes of different companies. Thirdly, we provide regular twelve page analyses of key companies in Australia and North America.

Conscious Investor also provides the ability to scan thousands of companies to locate those with superior financial characteristics as described by Warren Buffett.

Secret #2: Don't invest for ten minutes if you're not prepared to invest for ten years

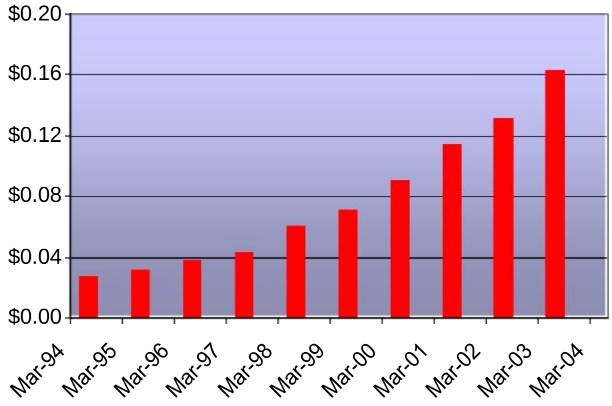
WHEN WE LOOK at the share price of a company we usually see a wildly fluctuating graph with mighty hills and plunging chasms.

For example, on the right is the graph of the daily closing prices of a company over ten years. It would be a brave person who could look at this graph and say what was going to happen in the next 24 hours, let alone the next 5 to 10 years. Yet this is a typical graph of the prices of a listed company.



But what about this graph? Because it is growing so consistently we would have a lot more confidence in making forecasts of what was going to take place in the future.

This graph is of the earnings per share of a company. If you were buying a company, this is just what you would want — a company whose earnings and sales go up like clockwork by 15 or 20 percent or more each year. It is no different when you invest in companies via the stock market.



In fact, the above two graphs of the same company, ARB Corporation. This is an Australian company that manufactures and supplies equipment for off-road and four-wheel drive vehicles around the world. The first chart depicts the closing prices while the second chart displays the earnings per share over the same period.

When we put the two charts together, we see how they track each other. Sometimes the price moves ahead of the earnings per share and sometimes it is the other way around. But over time they move together

Clearly it is an advantage to be able to find companies with such steady and strong growth in earnings.

When we locate such companies, we are well on the way to finding quality investments.

In the case of ARB, a simple buy and hold investment of $10,000 in ARB Corporation in 1994 would now be worth over $200,000 ten years later. This brings us to what Warren Buffett said a few years back, "If you aren't willing to own a stock for ten years, don't even think about owning it for ten minutes."

He continued, "Put together a portfolio of companies whose aggregate earnings march upwards over the years, and so will the portfolio's market value."

In other words, as investors we focus on the medium to long term business characteristics of companies. It is these that drive the share price.

Focusing on the short-term aspects of a company including both business and price fluctuations is foolish as Buffett has said. "Most of our large stock positions are going to be held for many years, and the scorecard on our investment decisions will be provided by business results over that period, not by prices on any given day."

Even though we focus on the long-term, the investment is even more profitable if we purchase the stock during one of its drops. Buffett has said that even for the best of companies, you can still pay too much.

Implementation using Conscious Investor

There are two key features of the growth in sales and earnings: the rate of growth and the stability of the growth. Conscious Investor provides proprietary tools to measure both of these for thousands of companies. **In a matter of seconds you can hone in on companies with the desirable features of high and stable growth.** When you put together a portfolio of such companies, then your growth in wealth follows automatically.

But there is more. A second feature of Conscious Investor is a proprietary tool to help locate those special buying opportunities when there is a temporary drop in the price even while sales and earnings are moving ahead.

Another high-performance outcome from using these tools in Conscious Investor is that you can make forecasts of earnings with five times the accuracy of analysts. In my free mini report *Earnings Forecasts Made Easy*, you'll learn how easy it is for you to be your own best analyst. You can see the report at: www.buffettsecretsrevealed.com/articles/forecasts.pdf

Even though Buffett's aim is to hold shares for the rest of his life, when the profit is there, and the share price has outpaced the value of the underlying business, then he sometimes takes it.

The exciting thing about value long-term investing is that, time and time again, you outperform the market in the short term as well as in the long-term. If you own shares in a portfolio of great companies with sales and earnings moving upwards that you bought at sensible prices, then it often doesn't take long to show up in the share price. It is such a thrill to see the market pick up stocks that you have bought. Not because of some charting arcana — but because, to put it simply, you have used the tools in Conscious Investor to find great companies selling at profitable prices.

Secret #3: Scan thousands of stocks looking for screaming bargains

ONLY A HANDFUL of outsiders have been permitted to enter the inner sanctum of the Berkshire Hathaway offices in Kiewit Plaza, Omaha. When Chris Stavrou, the founder of the New York asset management firm, Stavrou Partners, visited the offices he reported seeing hundreds of file drawers full of reports on thousands of companies.

Two things stand out. Firstly, Buffett said that the reports were mainly annual and quarterly reports. In other words, material that is available to everyone. Secondly, he declares that he does not use a computer. Not even a calculator.

He is able to do without these standard aids since, as many people have attested, he has a prodigious memory. There are numerous examples of him being able to recall obscure facts about the companies that he has investigated, and their competitors, many years later. It seems that he has read, and memorized, a huge amount of the material in the filing cabinets.

This means that, when he is looking for quality investments satisfying his stringent criteria, he can scan through his own memory and couple the results with current prices. In the end, he is not looking for investments that are, with a little luck, likely to be slightly better than average. He wants them to be great investments by a large margin. “If (the investment) doesn’t scream at you,” he once said, “it’s too close.”

Summarizing this, we arrive at Secret #3: Scan thousands of stocks looking for screaming bargains.”

Few people have a memory to match Buffett’s. Even fewer have the resources to collect and index tens of thousands of documents on thousands of companies. This is one of the main reasons why I developed Conscious Investor—to overcome these problems.

Implementation using Conscious Investor

Conscious Investor has built into it a range of key criteria used by Warren Buffett to make his selections. Either looking at the market as a whole, or sector by sector, you can instantly scan through ten years of corporate data on every Australian stock, around 6,000 USA stocks and 3,000 Canadian stocks to locate companies that satisfy these criteria at different levels. In seconds you can filter thousands of stocks down to a handful that have the hallmarks of profitable “Buffett” investments.

Secret #4: Calculate how well management is using the money they have

HOME BUYERS UNDERSTAND about equity. It is the value of the home less the amount owed to the bank. The same is true of a business. Its equity is the total assets minus all the liabilities. You can think of this as the money locked up in the business. It is a measure of how much money management has to run the business.

Another measure of the money available to management is the capital of the business. This is its equity plus the long-term debt of the company.

Clearly the success of any business is going to depend on how well management uses its equity and its capital. This is commonly measured by two ratios called return on equity and return on capital. Putting it simply, these are defined as the earnings of the company divided by equity and by capital. Their abbreviations are ROE and ROC.

Many companies consistently lose money year after year. So they do not even have an ROE or ROC. Others have very low values for these ratios. In other words, management is struggling to make a profitable use of what it has. Clearly, these are not the sort of companies that we should think of as quality investments. If management is only making a few percent on the money that it has, then over time this is all you can expect to make if you purchase shares in the company. After all, money can’t come from nowhere.

Every year, Warren Buffett writes in the annual report of Berkshire Hathaway that he is eager to hear about businesses that, amongst other things, are earning "good returns on equity while employing little or no debt." This means that ROE and ROC are essentially the same.

It makes sense. If you want a healthy return on any shares that you purchase, at the very least you need to select companies with management that is making a healthy return on the money that they have.

Implementation using Conscious Investor

Conscious Investor saves you hours of time by instantly screening through thousands of companies isolating those with the sound business qualities of high return on equity, high return on capital and low debt.

Secret #5: Stay away from "glitter" stocks

THERE ARE MANY thousands of stocks to choose from: in the USA over 10,000 stocks, in Canada over 3000 and in Australia over 1,500. Faced with these massive numbers and the associated deluge of information, investors get drawn to what I call glitter stocks. These are stocks that have some attention grabbing activity such as high trading volume, extreme movements in the price whether up or down, or when the stocks are in the news.

Even with the best of intentions, it is hard to look at these stocks in a clear and objective manner compared to the remaining stocks. Warren Buffett was so aware of this that he moved from New York back to his home town, Omaha, Nebraska. Regarding the benefits of living in Omaha, he said, "I think it's a saner existence here. I used to feel, when I worked back in New York, that there were more stimuli just hitting me all the time… It may lead to crazy behavior after a while." He ended by stating that it is much easier to think in Omaha.

A research study by Brad Barber and Terrence Odean of the University of California demonstrates very clearly the penalty to be paid by getting drawn into glitter stocks.

They found that, on average, individual investors tended to invest in glitter stocks more than professionals. Secondly, they found that by doing this they underperformed the market by anything from around 2.8 percent to 7.8 percent per annum.

Buffett has long understood this. For example, back in 1985 he said, "Most people get interested in stocks when everyone else is. The time to get interested is when no one else is. You can't buy what is popular and do well."

Implementation using Conscious Investor

Fortunately with Conscious Investor there is no need to move to a "low stimulus" area or to stop reading newspapers and watching television. In seconds you can scan through thousands of stocks to find those that satisfy proven objective criteria for great companies selling at profitable prices.

Secret #6: Know what a fat pitch is and what to do with it

WARREN BUFFETT LIKES to use examples from sport to outline his investment ideas. He particularly likes to use baseball with references to Ted Williams, the former record holder for the Boston Red Sox. A few years ago Buffett said

> We try to exert a Ted Williams kind of discipline. In his book *The Science of Hitting*, Ted explains that he carved the strike zone into 77 cells, each the size of a baseball. Swinging only at balls in his "best" cell, he knew would allow him to bat .400; reaching for balls in his "worst" spot, the low outside corner of the strike zone, would reduce him to .230. In other words, waiting for the fat pitch would mean a trip to the Hall of Fame; swinging indiscriminately would mean a ticket to the minors.

When we apply this to investing the message is clear. Wait until everything is in your favour. Nothing makes you buy any particular stock at any particular time. As investors we have the luxury of waiting for the "fat pitch."

But there are problems. To be able to do this effectively we need to master three steps. Before outlining these steps, to keep Buffett's analogy running, let's describe what we are trying to do as looking for home-run stocks. These are the stocks with the highest chance of being successful and making you money year after year.

The first step to master is to be able to recognize a home-run stock. As we have seen, they are not glitter stocks that have appeared on the front cover of an investment magazine or recommended by a popular share market commentator. Nor are they stocks that have a trader price pattern of breakouts, double bottoms, or candle-stick trend reversals.

The second is to know what to do when a home-run stock comes along. Buffett has said when everything meets your criteria of it being a great business at a fair price, then buy a "meaningful amount of the stock." Of cource, this means that you can only hold a small number of companies in your portfolio. The extreme exponent of only holding a small number of stocks was Phil Fisher. For Fisher, anything over six was too many.

The more stocks you hold, the more likely your returns will be average and the more time you will have to spend keeping track of the stocks in your portfolio. You also add considerable risk because you can't study them properly.

The third step concerns knowledge and confidence. You need the knowledge to know approximately how often a home run stock comes along. You won't make the investors Hall of Fame if your criteria are set so high that you only get to swing every other decade. On the other hand, if they are set too low then, well, they are unlikely to give you the outcome that you desire.

You also need to have the confidence to wait. Our aspiring Hall of Famer has to resist being suckered in to swinging at pitches that don't meet the criteria.

Implementation using Conscious Investor

Conscious Investor provides what you need to master the three steps just described. Firstly, it instantly scans thousands of stocks to find those that meet criteria for them to be home-run stocks.

Secondly, by providing clear criteria to be able to analyze and understand stocks, you will not be forced into large numbers of stocks to "spread the risk". As Buffett has said, "Risk comes from not knowing what you are doing."

Thirdly, the criteria in Conscious Investor are based on the wisdom of Warren Buffett combined with hundreds of hours of analysis followed by equal amounts of testing and backtesting. With Conscious Investor you get the knowledge and the confidence to be able to judge just what criteria you should set to put together a portfolio of home-run stocks.

Secret #7: Calculate how much money you will make, not whether the stock is undervalued or overvalued according to some academic model.

AS AN INVESTOR what is the right question to ask? Most ask whether the stock is undervalued or overvalued. The problem with this is that there is no way of properly determining whether a stock is, in fact, undervalued or overvalued.

There are various academic models for calculating what is called the intrinsic value of a stock. From my extensive experience as a research mathematician all these models, referred to as discount cash flow models, are fatally flawed. There are four areas that bring them down. They are theoretical, contradictory, unstable and untestable.

These problems are a rather technical to explain fully so I will only give the general ideas behind them. Just because some theoretical formula labels a stock as undervalued does not mean that you are going to make money from it. For example, perhaps the price will stay at that level. The models are contradictory since different values are obtained depending on which of the many variations of the models that you use.

They are unstable since insignificantly small changes in the input variables lead to changes of 100 percent or more in the intrinsic value. This means that in instead of the models being objective, they can lead to almost any output that is desired. And finally the models are impractical because they are untestable. Some of the input variables require verification over an infinite number of years. For example, forecasts of growth rates have to be made over not just five or ten years, but extending out forever.

In Conscious Investor we take a completely new approach. First of all, in contrast with the above question on the value of a stock, when you get down to it, the right question is, "What returns can I expect on a stock purchase under reasonable assumptions?" This is what you want to know as an investor. Under reasonable conditions am I likely to make 5 percent or 10 percent or 15 percent or more per year?

This is precisely the criteria that Warren Buffett uses before making an investment. In the annual report of Berkshire Hathaway a few years ago he wrote, “Unless we see a very high probability of at least 10% pre-tax returns, we will sit on the sidelines.”

In other words, Buffett is focusing on expected return, not whether the company is undervalued or overvalued.

Of course, Buffett achieves a much higher return that this. The point is that he aims at a minimum level of 10 percent—his bottom line. By locking this in but leaving open the possibility for higher returns, he achieves his remarkable results.

Implementation using Conscious Investor

Conscious Investor has proprietary tools to enable you to enable you to achieve the goal of calculating expected return. First of all, it has a proprietary tool for measuring the projected profit from an investment. This is measured as a projected return per year. Secondly, this can be done under a precisely controlled margin of safety. You can put in your margin of safety as a worst-case scenario.

Thirdly, it has another proprietary tool for setting target prices so that you know precisely what price you need to pay to get your desired return.

These simple-to-use tools represent a major breakthrough in evaluating the profitability of stock investments. Not only do they allow you to evaluate individual investments but, because of the focus on return, you can immediately compare different investments. Simply choose the one with the highest return calculation.

These tools also allow you to know when to sell by checking whether a new stock has a higher return calculation that one that you may be holding.

Secret #8: Remove the weeds and water the flowers — not the other way around

FOR MANY IT is worse than having a tooth pulled to sell a stock for a price lower than what they paid for it. If you buy a stock for $20 and it drops to $10, so long as you don’t sell, then it can be referred to as an unrealized loss. In this case you can say to your spouse, “Don’t worry, dear. It’s going to come back.”

Similarly, many can’t wait to sell as soon as they can see daylight between the purchase price and the current price. If the price has gone up be a few dollars, they want to sell and “lock in the profit”.

Peter Lynch and later Warren Buffett referred to this as watering the weeds and pulling up the flowers. They are examples of what I call investor diseases. The disease of holding on to your losers I call *get-evenitis*. The disease of selling winners I call *consolidatus profitus.*

Just how wide-spread these diseases are follows from a large-scale study carried out by Terrance Odean of the University of California in Davis. His study also showed just how expensive they are, being paid for in investors’ profits

Reporting in the Journal of Finance, 1998, he found that people tended to trade out of winners into stocks that performed less well. In the opposite direction, the study showed that the losers in their portfolio tended to continue to underperform. It was really the case that once a loser, always a loser.

Overall he found that people would have been better to sell their losers and keep their winners. Instead, they did the opposite, namely keep their losers and sell their winners.

Suppose two simple changes were made: the investors sold their losers and held on to their winners. On average, the study showed that their average annual performance would have gone up by almost five percent per year.

The difference between the two strategies is even more marked when taxes are taken into account. When you claim a loss you are getting a tax rebate and so you want this as early as possible. In contrast, with a profit you are paying tax so you want to delay this as long as possible. But, as we just learned, the average investor tends to take profits early and losses late ending up on the wrong side of the taxman.

This gives us confirmation of secret number eight: Remove the weeds and water the flowers — not the other way around

Of course, this is an oversimplification. There are times when it is better to keep a stock when the price has gone down. In fact, it may well make sense to buy more. At other times, it is better to sell a stock after it has gone up. Each case has to be treated on its own merits.

This leads to the question. Just when should you sell? A large survey carried out by the Australian Stock Exchange showed that investors found it much harder to know when to sell than when to buy.

Similar results were found in a survey of nearly 300 investors that I carried out. Almost 50 percent said that they either regularly worry or constantly worry about when to sell their stocks.

The general rule which is full of common sense is: Sell only when you can be very confident that you can do significantly better with your money in another stock. The problem is to be able to determine when this is the case.

Implementation using Conscious Investor

My system Conscious Investor has proprietary tools that readily solve the problem just described. It enables you to calculate just what return you can expect under your chosen margin of safety, it becomes very easy to compare investments.

A typical case might be that under a best case scenario a stock that you hold will give a profit of 8 percent per year over the next 5 years whereas under a worst case scenario another stock would have a return of 12 percent. Hence it becomes a straightforward decision to take your money out of the first stock and put it into the second.

Secret #9: Become a conscious investor

THE FAMOUS GRAPHIC artist M.C. Escher said that "most of the time we are meekly sleepwalking on a treadmill." In other words we are acting in an unconscious way and making little progress. This certainly applies to investing. Most of the time decisions are made based on either hope and wishful thinking or on abstract academic theories.

Fortunately investing is an area that responds well to becoming more conscious of what we are doing and why. "Risk comes from not knowing what you are doing," Buffett said.

The whole direction of Conscious Investor is to place your investing, and hence your financial future, on a firm basis of sensible and knowledgeable investing.

Yet there is another part of being a conscious investor and this is to invest in companies with products and services that you support and believe in. When you become conscious of why you want to invest in a particular company, then risk can be substantially reduced. Investing this way helps to eliminate many of the unknowns whether psychological, emotional or material.

As those who have been to an annual meeting of Berkshire Hathaway will know, Buffett gets great pleasure from using and talking about the products and services of the companies that he invests in or owns.

When you do this investing becomes easier and more fun. You don't have the worry of having your money tied up with enterprises that you know little about. Also you will become a more astute investor since you are picking up signals about the economics of companies long before they show up in its financial statements.

Implementation using Conscious Investor

Putting it in a nutshell, my investing system, Conscious Investor, puts the consciousness back into investing. Instead of being a football kicked around by the confusing claims by the media and financial companies, Conscious Investor will help put you back in control of your money. You become conscious of what you are doing and why.

There is something more. As Buffett said, "we are interested in big numbers, but not to the exclusion of everything else." Part of being a conscious investor is investing in a way that is stress-free and enjoyable. We do this by investing in great companies — and letting them do the hard work each year in boosting their sales and earnings. It is a practical illustration of a phrase made by popular by the meditation teacher Maharishi Mahesh Yogi, "Do less and accomplish more." With Conscious Investor you actually have the time to enjoy your success.

> **"As a program, Conscious Investor is excellent, but as a philosophy, it is even better. It is a living investment philosophy, instead of just a software tool."** — ***Bob Sykes, United Kingdom***

Putting it into Practice

As I said at the start, I am not interested in abstract theories or knowledge for its own sake. When I understand something I want to convert it into practical applications and I want to share it as widely as possible.

This is how Conscious Investor got started. At first I developed it for my own investing. And you saw earlier how successful this has been. Then once I had tested it to my own satisfaction, I wanted to put it into a form that everyone can use and benefit from.

The experience of our Conscious Investor subscribers from around the world shows just how successful the Conscious Investor team and I have been. In a recent survey almost 80 percent said that within just two months they were satisfied or very satisfied with Conscious Investor.

Making Warren Buffett available for everyone

For more than a decade, ***Professor John Price*** has had two goals. The first was to understand how Buffett invests. The second was to develop a system that allows any investor to implement these strategies successfully.

As a financial mathematician Professor Price had developed a suite of computer tools for himself to implement Buffett's methods in a systematic way.

He tested them thoroughly with his own investing, through bull and bear markets alike. When John used the tools he found remarkable success. In contrast, when he used the standard methods, the results were mixed. The worst investments were when he hurriedly followed the advice of people who were acknowledged as "experts", instead of relying upon his own research and findings.

Of course this process of trial and error itself is often an important part of the process of learning to invest successfully. Buffett has said about his investing before he read Benjamin Graham's book *The Intelligent Investor*. "I went the whole gamut," he explained. "I collected charts and I read all the technical stuff. I listened to tips. And then I picked up Graham's *The Intelligent Investor*. That was like seeing the light." Later Buffett added, "Prior to that, I had been investing with my glands instead of my head."

John has developed large-scale risk systems for *Bankers Trust* and a futures trading system for the *Australian Wool Board*. He has published four books and over 60 papers on mathematics, physics and finance, and has taught generations of fund managers throughout a 40-year career in financial mathematics. In spite of his broad market expertise, it has always been the ideas of Buffett – that most financial professionals admire but fail to emulate – that have captivated John.

The result is Conscious Investor which is laser-focused on making Warren Buffett's brilliant investing strategies available to ordinary, everyday investors.

To listen to Professor Price describing how he got started with Conscious Investor, click here or go to www.buffettsecretsrevealed.com/av.html

To make it even easier to make use of the full power of Conscious Investor, we have added a Model Portfolio and Watch List.

Model Portfolio and Watch List

Ever since I developed Conscious Investor, almost everyone I know has asked me to reveal my own "investment picks". And I always said no. I've always said that the beauty of Conscious Investor is its ability to teach you to become your own investment expert, as opposed to relying on someone else. And I still believe that.

At the same time, I did not feel right ignoring the many valued subscribers who asked me to develop this model portfolio.

They argued that the purpose of revealing my portfolio was not so they could copy blindly my picks. Rather so they could learn through action, instead of theory. Shorten the success curve through real world investments. Being a Professor, I certainly could not argue with that logic.

So I have added a **Model Portfolio**. For this portfolio I reveal what I'd buy, why I'd buy it, when I'd sell (if at all), and why I'd sell it. Then we'll track the movement of the stocks in my portfolio.

Below I show you actual extracts of our Australian and USA model stock portfolios. These stocks are not speculative stocks but rather solid performers that our members can buy with confidence, and hold year-in, year-out to allow the compounding of returns.

USA MARCH 2004 Company	Symbol	Recent Price	Recent PE	Entry Date	Entry Price	Entry PE
[illegible]	[illegible]	$43.75	27.34	31 Mar 03	$30.79	17.39
[illegible]	[illegible]	$41.63	34.98	31 Mar 03	$34.54	37.14
[illegible]	[illegible]	$53.49	22.48	31 Mar 03	$39.71	18.82
[illegible]	[illegible]	$28.04	16.79	31 Mar 03	$15.05	11.23
[illegible]	[illegible]	$52.05	11.19	31 Mar 03	$26.77	6.64

AUS MARCH 2004 Company	Symbol	Recent Price	Recent PE	Entry Date	Entry Price	Entry PE
[illegible]	[illegible]	$3.50	21.90	31 Mar 03	$2.30	16.31
[illegible]	[illegible]	$22.78	19.89	16 Jun 03	$31.79	31.26
[illegible]	[illegible]	$2.85	19.79	31 Mar 03	$2.05	15.53
[illegible]	[illegible]	$10.72	17.56	31 Mar 03	$8.80	13.79
[illegible]	[illegible]	$43.29	23.46	16 Jun 03	$29.95	16.30
[illegible]	[illegible]	$12.98	22.46	5 Mar 04	$12.96	22.45

Extracts of Actual USA and Australian Portfolios

Full details are available to our subscribers

In fact, I have gone further and introduced something even more useful, a **Watch List**. This is a list of quality companies with business attributes could well place them in the Model Portfolio except for one thing: their prices are still a little too high.

But they are worth watching. Every now and then day to day market fluctuations cause their prices to drop to profitable buying levels. And with the help of Conscious Investor you will be ready.

To make it even easier for you, I have included a summary of key features of these companies including written analyses, checklists of their crucial features and a buying price under a clear margin of safety.

Here is a screenshot of one of these summaries for the USA company Bed Bath and Beyond. For clarity I have superimposed the section headings in the screenshot.

Company description and analysis

Bed Bath & Beyond NASDAQ USA Home Furnishing Stores

Bed Bath & Beyond (BBBY) operates one of the largest U.S. chains of superstores selling domestics merchandise and home furnishings. It claims to offer a broader selection of better quality, reasonably priced merchandise than do department stores. BBBY stores are generally very large ranging in size from 20,000 sq. ft. to 50,000 sq. ft., with some exceeding 80,000 sq. ft. In contrast, most large department stores typically devote about 20,000 sq. ft. to home furnishings.

The company has grown rapidly, from 38 stores in 1993 to 575 stores in 44 states and Puerto Rico at the start of 2004. It opened 85 stores in the financial year ending February 2004 (FY 04) after opening 95 stores in FY 03 it expects to open 85 90 new stores in FY 05. During ... several factors, including pricing, breadth and quality of product selection, in-stock availability of merchandise, effective merchandise presentation, customer service and store locations. "

Website: www.bedbathandbeyond.com

Conscious Investor Screens

Conscious Investor Screens		
Risk	✓	Passes default settings
Return	✓	Passes default settings
Company	✓	Passes default settings

Financial attributes

Conscious Investor Quick Analysis		
Management	✓	ROE, ROC 20.8%: slight down trend
Growth	✓	Consistent 5-yr growth: Sales 24.8%, Earnings 30.23%
Debt	✓	No debt
Liquidity	✓	Consistent
Payout Ratio	✓	No dividends
PE Ratio	=	Fairly high (approx 30)

Business attributes

Business		
Economic Moat	✓	Strong brand name, wide range of quality products, low prices but still v. profitable
Adjust for inflation	✓	Sales to general public
Not capital intensive	✓	Does not need specialized machinery, etc

Margin of safety

Scenario Analysis July 2004

Current			Margin of Safety	
Price	PE Ratio	HGROWTH 5-yr	PE Ratio	Growth
$38.45	29.35	30.50%	23.0	15%

Projected return and target price

Calculations Assuming Margin of Safety

STRETD	TARGD 10%	TARGD 15%
9.53%	$37.63	$30.13

Final summary

Remark: Bed Bath and Beyond continues to grow at a very fast rate both in terms of new ... and earnings. For example, EPS for the fourth quarter ending ... 04 was up 37 percent ...

Seeing More of Conscious Investor in Action

So that you can see more clearly the features of Conscious Investor and how easy it is to use to find great companies we have prepared three brief on-line demos.

Demo 1: Selecting Great Companies in Minutes

This first demo covers topics such as:

- How Conscious Investor would enable you to pick outstanding companies like *Harley Davidson, Bed Bath and Beyond* and others in the USA and *ARB* and *Harvey Norman* in Australia.[2]
- Discover some of the common sense tests for determining the financial health of thousands of listed companies in Australia, Canada and the USA.
- Learn how a comprehensive scanning system can save you hours of time researching unhealthy companies.
- Discover a unique "slider" selection system that collectively delivers a comprehensive investment strategy

Click here or go to www.buffettsecretsrevealed.com/demo.html It is the first demo on the page.

> "After reading everything I could get my hands on about the value approach to investing, I was frustrated. While it all made sense, from Graham to Fisher to Buffett, I still could not figure out what a "sensible price" for the purchase of a stock was. I studied every discounted cash flow formula but walked away with stock prices that could range tens of dollars by just changing a small variable.
>
> When I found Conscious Investor (CI), it was like a light parting the clouds. Using a well thought out and valid approach to judging if a stock was properly valued, CI has opened new doors for me. In a matter of minutes I am able to scan the universe of 6000 stocks, eliminate the majority of them and focus on my circle of competence. I then have 10 years of data on the stocks in my universe and can create scenarios which let me put a "margin of safety" to work.
>
> CI allows an investor to seem really smart by knocking out what NOT to invest in. I really like the fact that I can easily discern the bulls--t from reality with CI. ....being in the money business for over 23 years, it still amazes me how few people (including myself until 2 years ago) follow the strategy of Buffett. Hearing some of their *BS* on trading and investing really is a hoot now that I know about value investing and Buffett. You have made a tool which can give any investor a decent chance of making money in spite of themselves. CI should be in the hands of every competent investor. I highly recommend it."
>
> **— *Charles Mizrahi, Money Manager, New York, USA***

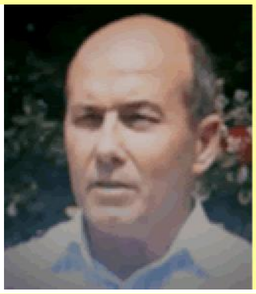
[2] Future selections of companies may not be as successful as these and other examples in this report.

Listen to a Satisfied Member!

"Conscious Investing has helped my base in the area of adding value to my client base."

***Click here* to hear directly from Gerry Doney of Doney Lay Financial Planning, or go to:**

www.buffettsecretsrevealed.com/ts.html



Demo 2: Avoiding Wealth Destroying Companies

Being a successful investor depends just as much on avoiding wealth destroying companies as it does on finding great companies. This second demo shows some of the ways that Conscious Investor helps you to screen out companies such as WorldCom or Enron in the USA or HIH or AMP in Australia that have been responsible for investors losing billions of dollars.

- See how to avoid "cash-poor" and wealth destroying speculative stocks.
- Learn how proprietary intellectual property allows our clients to forecast earnings growth (and therefore future stock prices) with five times the accuracy of Analysts' Forecasts.
- Find out why some **big name companies** that you may be investing in now, and that are media and analyst darlings, are **potentially wealth eroding.**
- Discover the high price you pay to be part of the crowd. Find out why the greatest danger facing share market investors is "unconscious" investing.
- To know **precisely** what price to pay for great companies under your margin of safety.
- To access powerful **"what if"** analysis tools to test the sensitivity of your stock to changes in key drivers of its share price.

Click here, or go to www.buffettsecretsrevealed.com/demo.html It is the second demo on the page.

"The way that Professor Price systematizes stock analysis, the innovative way he approaches it by quantifying what Warren Buffett does, is just revolutionary. He's really bringing Warren Buffett to the masses."

— *Ken Barrett, Managing Director, Alliance Investment and Retirement Services, Perth, WA, Australia*

***Click here* to listen to Ken Barrett or go to:**

www.buffettsecretsrevealed.com/ts.html

Demo 3: Buy at Your Price

Finding great companies is only the first step. Next you need to be able to determine profitable prices to pay for them. As Warren Buffett has said, even for the best of companies you can still pay too much.

In this revealing demonstration, you'll discover how to use Conscious Investor:

- To know **precisely** what price to pay for great companies under your margin of safety.
- To access powerful **"what if"** analysis tools to test the sensitivity of your stock to changes in key drivers of its share price.

Click here or go to www.buffettsecretsrevealed.com/demo.html It is the third Viewlet on the page.

My system is designed specifically to find businesses that qualify as great companies. All of the key information and analyses is put at your fingertips pre-digested in a matter of minutes!

The best part is that Conscious Investor has been designed to do all the hard work for you. Conscious Investor ensures that you will only focus your attention on outstanding companies, with strong and stable earnings and sales growth.

You will be surprised at how powerful and easy it is to effectively begin using the valuation tools within Conscious Investor, and you will wonder how you could have ever invested so much as one penny in the market without these tools! What's more, you will finally have a comprehensive tool at your fingertips for evaluating all of the countless "hot tips" that we all hear about on a daily basis. **Finally, you'll be in the driver's seat!**

> "In their attempts to decode the language and perceptions of Warren Buffett, many market commentators and authors have made the mistake of creating their own language and 'noise', which further confounds matters. The end result is that the path of excellence remains inaccessible to most.
>
> Such is not the case with John Price. Of all those who say they know, John Price rises above them. He does know. John is a consummate professional, a master decoder, a skilled interpreter, teacher and practitioner of success in the market place. Like a magician he weaves a spell of enlightenment tracing the footsteps left by Buffett."
>
> ***— Dr Paul Counsel, Director, Wealth Educators, Australia***

If these tools were in the hands of the multinationals they'd cost you $20,000+ per year

When I started on this route I looked at everything out there. I would much rather have bought something off the shelf! I did not want to have to do it all by myself. At one stage I even went to sales presentations for Bloomberg Services at over $20,000 per year.

But even at that price when I investigated it further I found that it did not help me get closer to Warren Buffett's methods in a practical way. What's more, we have subscribers who have used Bloomberg for years who tell me that it doesn't contain to what I am able to give them.

Of course all packages have their value. But none met my needs of emulating the genius of Warren Buffett for identifying great companies selling at profitable prices. That's why I developed Conscious investor, a simple direct system to emulate the methods of Warren Buffett.

Listen to a Satisfied Member!

*"As soon as I saw Conscious Investor, I immediately realized that **it was just what I had been looking for.**"*

***Click here** to listen to Ken Helsby, Managing Director, Roxburgh Securities, Australia* www.buffettsecretsrevealed.com/ts.html

My painstaking research, conducted tirelessly over a full decade, has now produced a simple, easy system that allows everyone, from novice investor through to experienced professional to copy Buffett's successful formula step-by-step. Conscious Investor is a thoroughly tested methodology that is used by thousands of investors in 35 countries around the world.

"Dear Professor Price,
I have had 25 years in the financial services industry and only wish that I had known about this service in the years past. ... The reason I say all this is because one of my largest positions was in *Worldcom* for which I put my full faith, trust and confidence in my firm's analyst. This would not have happened had I been using your program!"
—Al Kulig, Financial Planner; Ohio, USA

According to Warren Buffett

… this is going to be a very challenging year in the market – a year loaded with opportunity for savvy investors but fraught with danger for the uninformed. That's because the market as a whole is too highly valued when measured against corporate profits. And while some companies have fully recovered from the economic malaise, others have not.

More than ever right now you need to be very choosy about which stocks you invest in.

If you have any doubt – any at all – about whether or not you own the best possible stocks for the coming years, then I hope that you will subscribe to Conscious Investor. "For seven years we have been running a small investment firm in Holland using the systematic approach of Peter Lynch and Warren Buffett.

At least, we thought we used their system. But, like most others, we were getting led astray by running after every hot (internet) stock. Last summer I read everything about Warren Buffett I could lay my hands on. My conclusion was that he digs much deeper into a company than everyone else. My research led me to Conscious Investor.

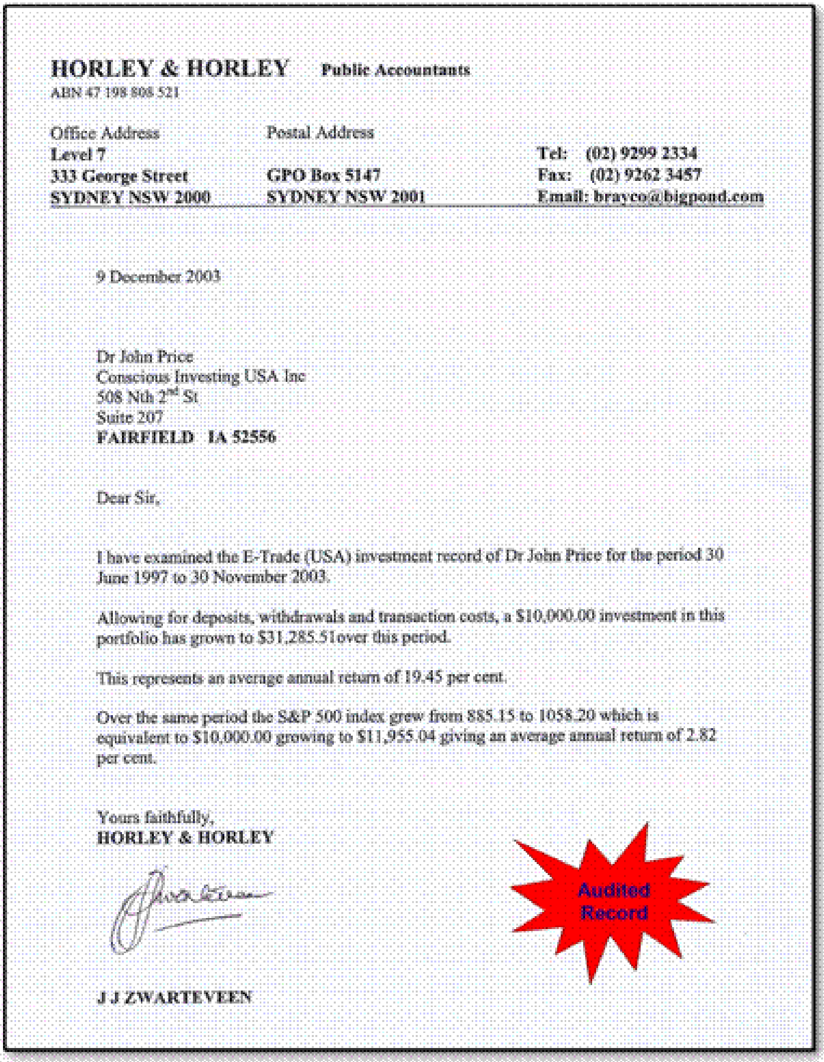
More than anything that I had read or seen, Conscious Investor gave a deeper understanding of Buffett's ideas plus the software to implement them. After only a few days we came to the conclusion that we could have saved a lot of our clients' money if we had your software. With Conscious Investor we could see many poorly performing stocks that we should never have bought in the first place. But it is better late than never. From now on we are going to use your software as much as possible in selecting or rejecting stocks.

We thoroughly recommend Conscious Investor."

— Ron Boer: Managing Director of an asset management company, Holland

Still not sure?...

I have independently audited performance figures of my own portfolio. My investments returned 19.45% per annum compared with 2.82% for the S&P 500 between June 1997 and November 2003.



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9 December 2003

Dr John Price
Conscious Investing USA Inc
508 Nth 2nd St
Suite 207
FAIRFIELD IA 52556

Dear Sir,

I have examined the E-Trade (USA) investment record of Dr John Price for the period 30 June 1997 to 30 November 2003.

Allowing for deposits, withdrawals and transaction costs, a $10,000.00 investment in this portfolio has grown to $31,285.51over this period.

This represents an average annual return of 19.45 per cent.

Over the same period the S&P 500 index grew from 885.15 to 1058.20 which is equivalent to $10,000.00 growing to $11,955.04 giving an average annual return of 2.82 per cent.

Yours faithfully,
HORLEY & HORLEY

J J ZWARTEVEEN

Verification of Investing Record of Professor Price

"I have used your system in my Investment Theories and Strategies class for the past two years. It is an excellent evaluation tool based on sound investment principles. They are consistent with the investment principles of Warren Buffett, the most successful investor in history... I believe that the framework is one of the best to use in security analysis." ***— Dr. Tom Johansen, Associate Professor of Finance, Fort Hays State University, USA***

Independent Study Verifies Conscious Investor

Portfolios chosen with Conscious Investor are, quite simply, great businesses. They are not speculative stocks that many newsletters pick for short term gains, but companies that you can marry for the long term with a high margin of safety.

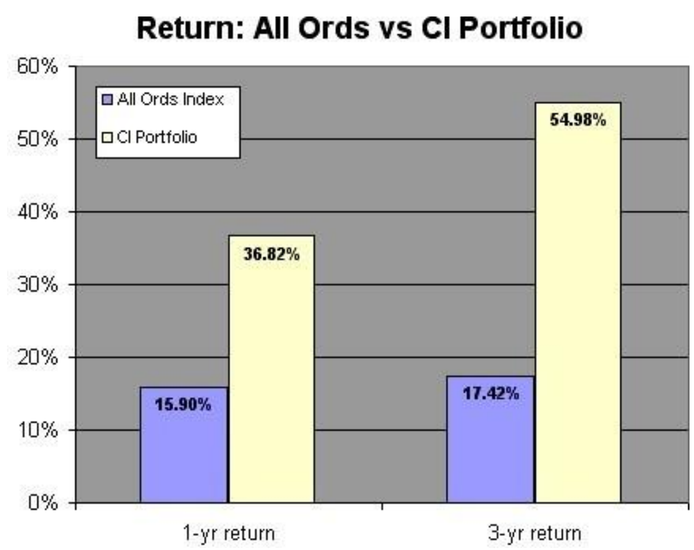
The success of this approach was verified by an independent study by Ed Kelly at Trinity College, Ireland showing that a standard application of Conscious Investor arrived at a portfolio that averaged 17.13% per year for the past 10 years. This compares with 10.22% per year for the S&P 500 over the same period. This portfolio took less than 90 seconds to obtain using Conscious Investor. Once purchased, the study assumed that no more transactions were carried out for the next 10 years.

Independent Tests: USA Portfolio
Results of Independent Tests by Ed Kelly at Trinity College, Dublin

Outperformance Even In The Short Term...

Even if you were not looking for a ten year portfolio, by aiming at the long-term studies show that you still outperform in the short term.

In an Australian study conducted this year, portfolios constructed with Conscious Investor achieved a one year return of 36.82% and a three year return of 54.98%, compared to 15.90% and 17.42% on the All Ordinaries Accumulation Index respectively.



Results of Study on Australian Stocks

Dear Investor, if you've ever racked your brains trying to come up with the hottest ideas to outperform the market — or even if you just want to know that you are investing in great companies as measured by "Buffett" objective criteria — then subscribing to Conscious Investor may be the best investment you'll make this year.

Here's my guarantee:

Your Peace of Mind Is Totally Secure With My Ironclad 100% Money Back Guarantee … NO QUESTIONS ASKED!

If for any reason you are not 100% satisfied with Conscious Investor, simply remove it from your computer within 30 days for a prompt and courteous refund. Your money will be promptly returned, no questions asked. You simply can't lose. It's your trial period to see if Conscious Investor is right for you.

Try Conscious Investor 100% Risk Free. Don't live with regret. Try it Now!

Go to: www.buffettsecretsrevealed.com/offer.html

GUARANTEE

Use Conscious Investor for a full 30 days and if you're not 100% satisfied, if it doesn't do literally everything we said it will then I insist that you get all your money back. Simply remove everything that we send you from your computer and return the bonuses* …
No hassles. No quibbles. No questions asked.

*** You don't have to return "How to Invest Like Warren Buffett Using Conscious Investor" the twin audio CD-pack by me (valued at $175). *It's yours to keep no matter what.* Returns must be postmarked within 30 days of delivery.**

Plus if you order now there's even better news ...

Ten Free Bonuses

Not only do you get a 30-day trial period to see if Conscious Investor is right for you, but if you become a Conscious Investor Gold Member during this special offer you will receive the ten following bonuses worth up to $2,216 absolutely free.

FREE BONUS 1. **How to Invest Like Warren Buffett Using Conscious Investor**. Based on current market examples, this audio/visual CDROM is jam-packed with ways to unleash the full investing power of Conscious Investor: Valued at **US$350.**

FREE BONUS 2. **How Warren Buffett Became the World's Greatest Investor** Using crystal clear language, in this double audio CD Professor John outlines the key "Buffett" ideas that you can use in your own investing: Valued at **US$175.**

FREE BONUS 3. **The Conscious Investor Approach for Success in the Sharemarket** This bound 80 page report shows how you can pick great low-risk companies in just minutes. Some subscribers have said that it is worth the price of the subscription on its own. "Very informative" "Clear and takes you through the process step by step": Valued at **US$504**.

FREE BONUS 4. **Midas Touch – Our Regular Best Stock Analyses** These are complete analyses of leading North American and Australian companies. Not only are they invaluable on their own, they also serve as step-by-step introduction on how to analyse a company using Conscious Investor: Valued at **US$450.**

FREE BONUS 5. **12-months daily data-feed plus technical support**, Our support team regularly receives "rave" reviews from our members. "Once again thanks for your great support. Keep up the good work." There is no question too big or too small for our team: Valued at **US$299.**

FREE BONUS 6. **Model Portfolio and Stock Watch Service** You won't get hundreds of stocks to leave your head in a spin. You'll just get a handful of the best investments available in the market place today with a summary of their features that make them stand out. Valued at **US$257.**

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