

## FINANCIAL SIG Summary

February 22, 2010

### SAFETY IN INVESTMENTS

Traditional safety can be found by investing in Certificates of Deposit (CDs), Money Market accounts (MMAs) and Short Term US Treasury Bonds. These products are insured by the FDIC, but the drawback is extremely low yields. To check on current yield, go to [www.bankrate.com](http://www.bankrate.com).

### STOCK PURCHASES via BROKERS

To check on a broker or agency, go to [www.finra.org](http://www.finra.org) or [www.smartmoney.com](http://www.smartmoney.com) / Brokers. Then go to Block 8 on the survey. For securities exchange assistance, go to [www.adviserinf.sec.gov](http://www.adviserinf.sec.gov).

When considering investing in a specific stock, the following are quick checks to evaluate the stock. This data is available at [www.yahoo.com](http://www.yahoo.com) /Finance/Key Statistics.

PE	Price Earnings Ratio. Measures the amount you are paying for each dollar of earnings. A ratio of 15 to 1 or lower is ideal.
PB	Price Book Ratio. Measures the amount if you are paying per share per the company value per share. A ratio of one (1) is ideal.
B	Beta. Measures the stability of the stock with respect to the market. A figure of one (1) means the stock will move as the market does. Less than one (1) indicates greater stability.
Payout Ratio	Applies to companies paying dividends. A ratio of less than one (1) indicates the company is earning more per share than it is paying out. A ratio in excess of one (1) indicates the company is borrowing or taking from capital to meet dividend payments. A ratio of .5 or lower is excellent.
insider Transactions	Are the insiders and institutions selling or buying. If they are selling, be careful.
Analysts Estimates	Any analyst recommendation less than a three (3) indicates a "buy." However, almost all analysts recommend less than three (3). It seems they never saw a stock they didn't like. Be wary. Anything over three (3) is definitely a "sell."