

## **Momentum Investing**

### **Profiting by Knowing When Stocks Are Going to Soar... Before "Big Money" Has A Chance to Get In An Investment U White Paper Special Report**

Take a penny, double it every day for 30 days... and it's worth over \$10,700,000. (If you doubt it, grab your calculator.)

That's the awesome power of money compounding. And it's this type of extreme moneymaking that attracts certain investors to a particular class of stocks known as momentum investing: the fastest-growing companies - and the most rapidly moving stocks - in the market.

There's nothing mysterious about them. They simply lead virtually all other companies in terms of sales growth, operating margins, profitability and relative strength.

Many of the best-performing stocks of the past—the ones that have turned \$10,000 into more than \$1,000,000 for hundreds of investors—are businesses you've been patronizing for years. Have you or your spouse ever shopped at Wal-Mart? The company's shares rose 40,232% during the last bull market. That's enough to turn \$10,000 into more than \$4 million.

Have you or your company ever bought a Microsoft software program like Word, Excel or PowerPoint? The stock rose 61,034% in the 13 years following its IPO. That turned a \$10,000 investment into more than \$6.1 million.

Have you ever used your computer to log onto the Internet? The biggest maker of routers and switches for Internet connections is Cisco Systems, which rose 95,667% in the 1990s alone. A \$10,000 investment made here would have allowed you to spend the rest of your life sitting on tax-free bonds. Because \$10,000 grew to an astonishing \$9.56 million in less than 10 years.

Unfortunately, Wal-Mart, Microsoft and Cisco cannot possibly generate these kinds of returns in the future. They're much too big to grow at that rate now.

### **The Key to Making Momentum Investing Work**

Making a fortune in a short time requires investing in the most rapidly growing momentum companies today... so you can enjoy a life of total financial independence tomorrow.

In this white paper special report, you're going to learn exactly how to identify these superlative companies before they begin to soar, turning \$10,000 into \$1 million or more. And you're going to learn not only when to buy them, but exactly when to let them go... so you can capture magnificent profits along the way.

Best of all, you're going to find that owning these companies carries less risk than you imagine.

Don't get me wrong. Buying troubled or mediocre companies is very risky. But buying superbly

managed, rapidly growing companies with double- or triple-digit growth rates, high returns on equity, and strong share prices is not.

Let me show you exactly how to identify these companies before they arch skyward, and how owning just two of these stocks can turn \$10,000 into \$1 million.

## **Turn a Grub Stake Into a Small Fortune**

It boils down to pure mathematics. If you invest \$10,000 in one stock and it rises 10-fold, you now have \$100,000. If you then take that money and reinvest it in another stock that rises 10-fold, your \$100,000 will be worth \$1 million. It's a mathematical certainty.

How difficult is it to find a stock that rises 10-fold? If you know what you're doing, it's not that hard. Ever shop at Best Buy, for example? It recently rose more than 30-fold in five years. And there have been dozens of other great-performing growth stocks... even in the vicious bear market of the past three years. For instance, Ultra Petroleum, Lannett Company, Headwaters Inc. and Multimedia Games have all risen more than 14-fold in the last three years. Alliance Gaming has risen more than 29-fold in the past three years...

Each of these stocks has given investors a moon shot. And each is what professional investors call a "momentum stock." Quite simply, momentum investing, by definition, occurs when a company shows dramatic gains in sales, earnings and share-price movement.

Yet you probably don't own them. In fact, when you look in the paper and run your finger down the list of the market's biggest percentage gainers - the momentum stocks - you may find you don't own a single one of them. You're not alone.

Most individuals don't have a clear idea how they're going to achieve a legacy of great wealth. The desire is there... but the results often come up short. And as Yogi Berra once remarked, "If you don't know where you're going, the chances are you won't get there."

In our view, the key to achieving great wealth - the kind of wealth where money is no longer an object, where you leave a real legacy to your children and grandchildren - is to follow a system that gives you the statistically highest probable chance of success.

That's the key. To build great wealth, you need an investment system that is battle-tested and proven to perform in all economic and market environments.

Owning the fastest-growing companies - momentum investing stocks - allows you to do that. It's a common-sense approach to investing that works in good markets but, as you'll soon see, in bear markets, too. It doesn't depend on what the market averages are doing. Or whether your fund manager is on or off his game. It just takes identifying the right stocks - momentum stocks - something we do every day.

## **How to Build Your Fortune Quickly, Consistently... And Methodically**

How do you identify the momentum investing stocks - the ones that will turn \$10,000 into \$1 million -

before they make their historic moves up? The answer is almost too obvious.

If you were an engineer in charge of building an important bridge, how would you go about it? Would you try something new and different? Would you try to build a bridge based on untested ideas or drawn from a plan never seen before?

Absolutely not. You would build your bridge to the most exacting specifications. You would use the strongest materials, the most rigorous plans, and the most qualified people to build it.

A blockbuster investment portfolio is constructed the same way. If you understand that the best-performing stocks in the future will be the fastest-growing companies, with the greatest leaps in profitability and the strongest price action in the market, **why not invest exclusively in these stocks?**

If you're like many investors we speak with, we already know your answer: You're not sure which companies these are.

Fair enough. But following our analogy about the way to build a bridge, how do you go about identifying the companies that are likely to show the biggest gains in the market?

The answer is plain. You go back through history and make a thorough, systematic study of every stock that ever gave fantastic, 10-fold or better returns.

You see what unique elements they all had in common. And then you seek those same elements in the stocks available today.

During the '90s, for instance, **Clear Channel Communications** went up 5,615%. **Emulex** rose 6,412%. **Dell Computer** went up 10,198%. **Activision** went up 13,819%. **Semtech** rose 15,231%.

These stocks made multi-millionaires of many investors. Just as other momentum investing stocks will in the future. You can be one of them. Here's all it takes.

First you pinpoint the characteristics that all these stocks shared before they skyrocketed - and there are only a few. Then you carefully screen all the publicly traded companies available for purchase today.

You isolate the handful that share these criteria and are, therefore, likely to rise 10-fold or more. Then you invest in this select handful of stocks... and wait.

It won't take long before your portfolio starts to act like a pan full of Jiffy Pop. Because if history has demonstrated anything, it's that ultimately share prices follow earnings. But not earnings alone...

### **The Big Winners of the Past Will Help You Identify the Big Winners of Tomorrow**

While these are averages, based on the big movers of the past, here are a few of the factors that will help you identify two momentum investing stocks that will turn \$10,000 into \$1 million:

- They have annual earnings growth of at least 24%.

- The average percentage increase in earnings for the current (or, in these examples, the preceding) quarter is at least 34%.
- They have a P/E ratio of 31 or more.
- They have a relative strength rating of 85. (That means they are already outperforming 85% of the stocks in the market before they make their big move up.)
- Their relative strength has been growing for at least the past six months.
- They have an average of at least 5 million shares outstanding.
- They have average daily volume that exceeds 75,000 shares.
- Their industry group is in the top 30% of the market.
- They have a median stock price of \$26.

When you boil it down this way, it may seem as though the process is purely a numerical exercise. But, like most things in life, it's not that simple.

1. You must know exactly how to apply those qualifications to different sectors of different industries under different market conditions.
2. You have to have access to a proprietary database that contains the relevant data on more than 9,000 publicly traded companies.
3. You have to be qualified to interpret the mountain of quantitative and qualitative information that you uncover. That often takes years of experience.
4. Even if you have the knowledge, the skills, the contacts and the money to ferret out these few stocks, you will need to spend hundreds of hours screening all the potential candidates.

Many investors just don't have that time - or quite frankly - the ability to see the things a trained expert can detect.

Fortunately, Alexander Green does.

## Your Biggest Ally In the Battle for Financial Freedom

Alex is the Investment Director of *The Oxford Club* and he relentlessly tracks down momentum investing stocks and recommends the best ones to *Oxford Club* members. And he does considerably more than that, providing investors with a window on the market's most successful momentum stocks...and the incredible short-term profits that come with them.

A Wall Street veteran with more than 16 years' experience as a research analyst, investment advisor and professional portfolio manager, Alex's managed accounts delivered blockbuster returns. In fact, he retired from Wall Street at the ripe old age of 43.

He now oversees The Oxford Investment Portfolio, which the *Hulbert Financial Digest* ranks 3rd among 181 stock advisories nationwide for five-year risk-adjusted returns. His recommendations are up 111% in the last five years, while the Wilshire 5000 Total Market Index is up 45%.

Alex also runs three elite trading services. One of them, ***The Momentum Alert***, is dedicated to exactly the kind of momentum investing plays we've been talking about. His knowledge, experience and

contacts allow him to target the most successful companies in the market. The ones that are well on their way to becoming this year's biggest percentage-gainers. The ones that can turn \$10,000 into \$1 million for you.

You've heard the old saying that when life hands you lemons, make lemonade. That's exactly what Alex has done.

With the luxury of hindsight, we now know that *The Oxford Club* broadcasted the inaugural issue of ***The Momentum Alert*** just weeks before the 9/11 attacks... and the market meltdown that followed.

If there is such a thing as a trial by fire, this was it. The market not only plunged that September but also finished the year down over 13%. The Nasdaq dropped more than 20%.

Of course, as we learned in the '90s, almost anyone can make money in a rising market. But hot hands often turn cold in a down market. How did Alex's stock picking work in such an awful year? Consider this...

In late summer, Alex recommended Advance PCS, a health services company, in ***The Momentum Alert***. In less than 90 days it shot up from \$58.50 to more than \$80, a quick 37% increase.

Not long afterward, he recommended Biomet, a leading medical-products firm, at just over \$46. And despite the market collapse that occurred following the attacks on the World Trade Center, the stock was up 24% in a matter of weeks. And that was during a crash!

With Bush threatening retaliation against the terrorists responsible for the attacks, Alex quickly responded by recommending a fast-growing defense contractor, Engineering Support Systems. Within 14 days, the stock rose 36.5%.

As the Fed lowered rates to help support the market and the economy, Alex then switched gears. Knowing that homeowners would rush to refinance and take advantage of lower rates, he recommended American Home Mortgage at \$16.50. Less than 10 days later, **the stock was up 34.5%**.

But he still wasn't done. He recommended Boston Scientific in late October at \$22.76. Less than a month later, **it was up 22.5%**.

And in November, he blasted out a special alert to buy International Game Technologies, a major provider of gaming equipment to casinos worldwide. Six weeks later **the stock was 23% higher**.

Now, maybe consistent gains of 23% or 36% are not spectacular in themselves. But here's what's so unusual. All of these gains occurred in a very short period of time... sometimes in just days... and in the middle of a major bear market!

Although the bear market continued into 2002, with the S&P 500 down 22%, the returns only got better. That year subscribers to ***The Momentum Alert*** locked in double-digit gains in stocks like **Panera Bread, Direct Focus, Emcor, Christopher & Banks, Aftermarket Technology, Hovnanian Enterprises** and **Corinthian Colleges**, among others.

At the end of the year, **The Momentum Alert** held just seven stocks. All seven had beaten the market by a substantial margin.

And that was only the beginning.

In early 2004, *Investor's Business Daily* listed the handful of stocks that were the top performers of 2003. Out of more than 9,000 publicly-traded companies in the U.S., five of the top 40 on the list were recommended by Alex during the year, including the best performing stock of the year, little-known **Schnitzer Steel, up 504% for the year.**

Here are some of the other "big game" momentum investing winners he bagged for *Oxford Club* members...

- Dick's Sporting Goods, up 153%
- Central European Distributors up 156%
- American Pharmaceutical up 183%
- Genentech up 182%.
- (And another top 40 winner, Netflix, up 262% in just 9 months!)

Followers of Alex's recommendations also had an opportunity to lock in double or triple-digit profits in **Mosaic Company, Celgene, Boston Properties, McCormick & Co., Integra Life Sciences, Office Depot, Walmex, Dentsply, Tidewater, Nvidia, Coach, Qualcomm, Nam Tai Electronics, Career Education, eBay, Vimpel Communications, Teva Pharmaceutical, Countrywide Credit, Verint Systems, Portfolio Recovery, Eon Labs, and Garmin**, among others.

### **In Life... Timing Is Everything**

It's important to know, however, that **Momentum Alert** subscribers have their profits fully protected with Alex at the helm. He begins by putting a "sell stop" below every recommendation, just for protection. (He describes in each broadcast exactly where and how to place the order.)

Then as the stock moves into the profit zone, he gradually moves the stop order up behind it. He calls these moves "laddered stops." The higher the stock goes - and the bigger the profits - the higher the sell stop goes... and the bigger the eventual profit. As long as the stock is moving up, Alex never sells.

"That's the secret to uncovering a stock that rises 10-fold," he often says. "You never, ever sell your winners early."

Instead, once the stock peaks and begins to trend back down, the sell stop is triggered automatically... and subscribers lock in their profits.

"You always cut any losses that develop quickly," he says, "and let those profits just continue to run and run."

### **And Sometimes... It's Who You Know that Can Make You Rich**

Aside from the proven trading methodology that Alex is using, he's simply one of the best-connected

traders in the country.

For instance, he is a lifelong friend of the scientist who has been heralded by *The Institute for Scientific Research* as the world's leading scientific researcher. He tipped Alex off to the attractive levels that Immunex had reached just six weeks before Amgen bought the company out in the biggest biotech deal ever. *Oxford Club* members locked in profits of 59% in just six weeks.

Recently, this same world-renowned researcher gave Alex another heads-up about a biotech company that has a pipeline full of the most promising medical technologies in the world today. Two weeks after **Momentum Alert** subscribers read about it, this same scientist was elected to the company's board of directors. And while **Momentum Alert** subscribers have only recently bought the company, it has all the makings of a stock that will offer yet another 10-fold return. And start turning \$10,000 into \$1 million.

Once Alex's momentum stocks get a tailwind behind them, there's no telling how far they'll run. To give you a better idea of just how profitable focusing on momentum stocks can be, take a look at two recent recommendations from **The Momentum Alert**.

[**Editor's Note:** *The following are meant to only provide examples of typical recommendations.*]

## **Momentum Investing Opportunity #1**

### **A "Diamond in the Rough"...This "Rolling Stone" is Gathering Steam**

As construction in the U.S. - and worldwide - continues to rise, a demand for raw materials is becoming evident. There's a worldwide shortage of the most basic raw materials the industry needs to operate, and vicious competition from China for those same materials (and the ships needed to deliver it too).

In the U.S. alone, 29 states have already declared a shortage - and as one of the country's leading producers of cement and concrete products, **Florida Rock** (NYSE:FRK) is safely ensconced in a niche market necessary to the growth of the country.

Based in Jacksonville, FL, Florida Rock operates 108 ready-mixed concrete plants and 1,300 trucks that serve Florida, Georgia, Virginia, Tennessee, North Carolina, Washington, D.C. and Maryland. The \$3 billion company also has an investment in a stone quarry in New Brunswick, Canada.

A producer of crushed stone, sand and gravel, it also sells cement (some of which the firm mines itself) - but concrete is responsible for 70% of the company's total revenue.

It's fair to say this momentum investing stock is headed for the heights. *The Oxford Club* first added Florida Rock to the Momentum Portfolio in November 2004 - and almost immediately, **this rolling stone gained 10%**.

While a materials shortage and Asian competition could be a mounting obstacle, this hidden gem of a company has managed to sidestep both those negatives. Its factory happens to sit on top of its own huge supply of the necessary raw materials, and its near-perfect location (right in the middle of one of the most

insatiable markets there is for its finished products) is driving breakthrough profits - with no end in sight.

The company is also benefiting from last year's \$122 million acquisition of two cement terminals from Lafarge North America, and production and shipping are running at full capacity. And the company has a stronger balance sheet and better operating margins than some of its biggest competitors. There's every reason to believe Florida Rock is just barely getting started delivering good news to investors.

## **A Boost From Overseas**

We've heard it time and time again, but China's building boom has quickly diverted building supplies that used to come to the U.S. In fact, China is using 48% of the world's total cement production. And the home of the world's fastest-growing economy shows no signs of slowing down: The Chinese are busy building roads and dams and Olympic venues, and they're gobbling up cement in the process.

Much of the U.S.' imported cement needs - about 25% - have in the past come from China. But no more: With major Chinese construction projects moving ahead, a quarter of the world's population is now using far more concrete than it exports.

And the U.S. is feeling that crunch. As a result, cement shortages have been declared in 29 states. And 114 U.S.-based mills running at 100% capacity, seven days a week are struggling to meet that demand - which is good news for Florida Rock.

As the company pumps up the volume in the months ahead, top- and bottom-line growth should be exceptional. Housing and construction in the U.S. are booming. Spending on highway construction and repairs is set to increase sharply, too. And Floridians - and their insurance companies - are spending billions on reconstruction in the wake of those hurricanes.

**Action to Take:** Buy **Florida Rock** (NYSE: FRK) at market. As always, use The Oxford Club's 25% trailing stop to protect yourself and your principal.

## **Momentum Investing Opportunity #2**

### **The "10,000-Pound Gorilla" Poised for Massive Profits**

If you had the chance to invest in a blue chip that had built a solid reputation for excellence, wouldn't you? How about if that company were in a hugely profitable worldwide niche market - one with such insurmountable barriers to entry, there were practically zero chance of some young upstart coming along and pushing it aside? What if it were traded in one of the strongest currencies in the world? It sounds like a can't-lose momentum investing opportunity, doesn't it?

There's a \$39 billion blue chip with just these attributes - a powerhouse that's just finished two years of restructuring, paying down debt, trimming its workforce and selling off non-key assets.

Now **ABB, Inc.** (NYSE: ABB) is a lean and mean "10,000-pound gorilla," regularly beating out its competitors to land high stakes contracts around the globe. The company has hundreds of millions of

dollars of projects in the pipeline, with new worldwide contracts being announced almost weekly.

And as an added bonus, its stock is denominated in Swiss francs, one of the strongest denominations in the world. Investors get a built-in hedge against the U.S. dollar, meaning they benefit when the stock rises, as well as when the franc appreciates against the dollar.

Incredibly, at \$18 a share, this stock is still dirt-cheap. Other companies in its industry are nearly four times as expensive. But with the prospect of sharply higher earnings in the near future, the market simply won't allow this stock to linger in single digits much longer.

## **Building Cash On Enormous Worldwide Projects**

Formerly known as **Asea Brown Boveri** and based in Switzerland, the company deploys and maintains everything from industrial power plants to subsea oil production systems.

It's in such a highly-specialized, capital-intensive sector, supplying power and automation technologies to utilities and other heavy industry customers worldwide, and as such, ABB has high barriers to entry and as such, a natural moat around its business.

But let's start with the company's vitals: ABB operates in more than 100 countries and employs over 115,000 people. And the company has built more than just power stations and cutting-edge robotics - it's also built a reputation for excellence unsurpassed in its industry.

Just a few of some of the company's recent projects include:

- **Automating China's Crude:**

In June 2004, Sinopec, China's \$31 billion oil and gas giant, chose ABB to automate the longest crude oil pipeline in China (more than 840 km), citing ABB's rapid delivery, extensive local resources and reputation for reliability.

This pipeline is set to two deepwater ports and oil terminals to Sinopec's Zhenhai refinery on the outskirts of Shanghai. China imports 30% of its crude oil, and refines much of it at Zhenhai, which is the biggest and most technologically advanced oil refinery in the country.

And ABB is contracted to supply the automation system for the entire pipeline.

And the company won this contract over several other leading automation suppliers from around the globe - breaking ahead of the pack for several reasons: best price, fastest delivery time, extensive Chinese expertise, best resources and highest reliability.

The company's reputation preceded it, for it had already designed and delivered a pipeline-automation system for PetroChina, another Chinese oil giant - and ABB did it in one of the tightest and most challenging timeframes ever. The 460-km pipeline project was completed in an astoundingly swift nine months.

- **Beating Competitors in Egypt:**

Another blockbuster project for ABB is the Khalda concession in Egypt, a complex of 25 oil and gas fields producing 200 million cubic feet of gas and 80,000 barrels of liquid hydrocarbons a day. The project is a joint venture between Apache Corporation in the U.S. and state-run Egyptian General Petroleum Corporation.

Every year since 1998 the partners have invited the biggest oil and gas companies in Egypt to bid for the service contract, 800 km west of Cairo. And every year for the past six years, they've chosen ABB to supply, maintain and upgrade power and automation installations at the oil and gas fields, as well as the flow lines and production facilities within the 2-million-acre concession.

- **Subsea Expertise in Russia:**

Off the Pacific coast of Russia, the Sakhalin II oil and gas project has been under way since 1992. The area holds more than 1 billion barrels of crude oil and 500 billion cubic meters of natural gas.

ABB, which was already contracted to supply the entire telecommunications system for Sakhalin II, recently won a contract to supply the project with chokes for both subsea and surface control-valve applications.

And it also announced in December that it would provide the complete electrical power distribution system for the project.

And these major projects are just the tip of the iceberg. Consider:

- ABB won a \$43 million contract to secure the power supply in Mexico, to avoid blackouts.
- The company signed a contract worth \$110 million to supply electrical power and automation systems for nine cruise vessels, including customers like Norwegian Cruise Lines, Royal Caribbean Cruises and French maritime operator Groupe Bourbon.
- ABB announced it had won a \$40 million order to rehabilitate a vital link in the Romanian power grid.
- ABB also recently signed a \$30 million contract with the Dubai Electricity and Water Authority to help deliver electrical power to two man-made islands dubbed "the eighth wonder of the world." (The artificial islands, visible from space, will be made of 100 million cubic meters of rock and sand, and increase Dubai's shoreline by 120 km.)

There are clearly good things happening at ABB. In anticipation of sharply higher earnings, the company's shares have doubled over the past year.

With its hugely profitable niche, limited competition, reputation for excellence and reliability, and the prospect of sharply higher earnings in the near future, a blue chip like this is a sure asset for anyone's portfolio.

**Here are 11 companies that meet Alexander Green's high-profile momentum screen.**

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