

Dear Subscriber,

Welcome to *Jack Adamo's Insiders PLUS*, the investment newsletter dedicated to finding the best investment opportunities in the world. This introduction will tell you a little more about what we do, and how you can get the most benefit from the guidance we provide.

### **The Core Concept**

Monitoring, compiling and analyzing the stock transactions of corporate executives and directors constitutes a major part of our work at *Insiders PLUS*. Following this elite group is important and fruitful because Insiders are intimately familiar with the inner workings of their company, and are in the best position to see what lies ahead. We also study and evaluate trading by NYSE members and certain other parties in order to judge the general tenor and overall climate of the markets.

Significant Insider buying has preceded large advances in industries like coal mining, real estate investment trusts, generic drugs and broadband equipment. Insider buying has also foreshadowed takeovers in specific companies in industries as diverse as power utilities, banking and wireless phone service.

### **The Data**

The Securities and Exchange Commission requires that corporate Insiders report any personal buying or selling of their company's stock within 2 business days of the transaction. Data used in Insider analysis is obtained directly or indirectly from these SEC filings.

There are many Insider newsletters and services available to the public. Most simply list stocks in which there has been Insider buying; a few add scant, superficial analysis. At *Insiders Plus*, we believe this approach is woefully inadequate. For one thing, there has been wider scrutiny of Insider buying by the public and the media in recent years; Insiders have noticed this trend, and have attempted to exploit it. Much Insider buying today is nothing more than a phony public-relations ploy, orchestrated by management to deceive investors into believing a companies' prospects are improving. By this stratagem they hope to take pressure off a struggling management team or pump up their company's stock, increasing executive bonuses or option compensation.

At *Insiders PLUS* we have the systems, methodology, experience and expertise to separate fake Insider buying from the real thing. To our knowledge, we are the only Insider investment service to recognize and expose phony Insider buying. We believe our service also provides the most thorough company-specific analysis available. *We use Insider buying as a screen, not an excuse.* We analyze our Insider investments with the same skepticism and depth as we do any company. We place special emphasis on scrutinizing the **cash flow** statement, which we believe is the best way to ferret out fraudulent accounting and overstated earnings.

### **The "PLUS"**

Our newsletter is called *Insiders Plus*. Where does the "plus" come in?

Regardless of what any marketeer might tout, there is no such thing as a single indicator that guarantees success in stock selection. That includes Insider buying. If it were that simple, investing would be "solved", and everyone would get the same return because everyone would know the same simple answer.

Although searching and analyzing Insider transactions is the core of our work, *Insiders PLUS* uses a multidisciplinary approach because great opportunities sometimes appear without any tip-off from Insiders. For example, the strong rise in oil and oil service stocks in 2004 occurred without any general rise in buying by Insiders in the energy sector. Yet, we at *Insiders PLUS* caught the move in energy early by noticing how the U.S. Dollar was getting progressively weaker. We realized that dollar-denominated commodities would rise as a result.

By constantly examining and analyzing the ***world macroeconomic environment***, we find opportunities like this the world over. In 2004 we made money for subscribers by buying Brazilian stocks when we noticed that country benefiting from increased trade with China, which needed Brazil's plentiful raw materials. ***Comparative analysis*** of companies in the same industry also plays an important role in determining which are likely winners.

Finally, we employ ***technical analysis*** to lessen the chance of buying a good stock at a bad time. Very few stocks can buck the trend of a market in rapid decline.

All these complementary disciplines are why our name has a "plus," and why this newsletter has been such a success in outperforming the market since its inception. *In 2004 Insiders PLUS achieved an annualized return of 19%.*

### **How To Use This Letter**

For purposes of asset allocation, *Insiders PLUS* assumes you are investing all of your assets under our direction. Of course, we know this is not always the case, but this assumption provides a framework for creating and maintaining a dynamically balanced portfolio. You may make adjustments according to your personal situation, needs and preferences.

Our model portfolio should contain 20 investments, approximately equally weighted at \$5,000 each, for a total of \$100,000. Some of our readers have portfolios much larger than this; most are smaller. This is not a problem; adjust your position size proportionately. We generally prefer you not go below \$2,000 per position because below that level, commission costs start to eat into your profits. Rather than take 20 positions below \$2,000, we prefer you hold fewer positions of higher dollar amount, while keeping adequate diversification in mind.

New subscribers should *only buy stocks that are currently within the recommended Buy Range* listed on our portfolio page.

Please feel free to write for clarification of anything you need help understanding. We cannot give you advice specific to your investment situation, but we can illuminate further any recommendations made in the newsletter.

Please see important disclaimer below.

Once again, welcome to *Insiders PLUS*.



### **Important Disclaimer**

*The Insiders PLUS newsletter contains Mr. Adamo's opinions. No statement made therein about any investment, regardless of how strongly or positively rendered, should be construed as anything except Mr. Adamo's personal opinion. All investments and strategies mentioned in Insiders PLUS entail some degree of risk. Mr. Adamo can provide no assurance that any investment he mentions will perform as he predicts. Mr. Adamo is not a registered investment advisor for any reader, and cannot judge the suitability of any recommended investment for any*

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