

# CHANGEWAVE INVESTING

## Picking the Next Monster Stocks of the New Economy

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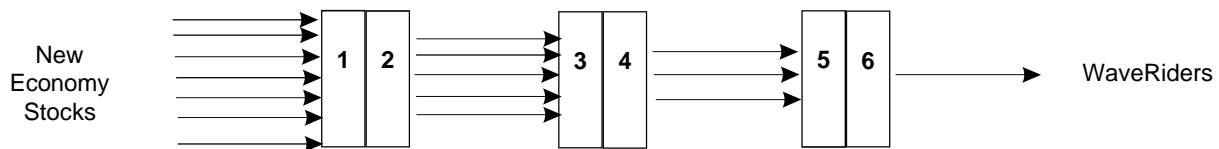
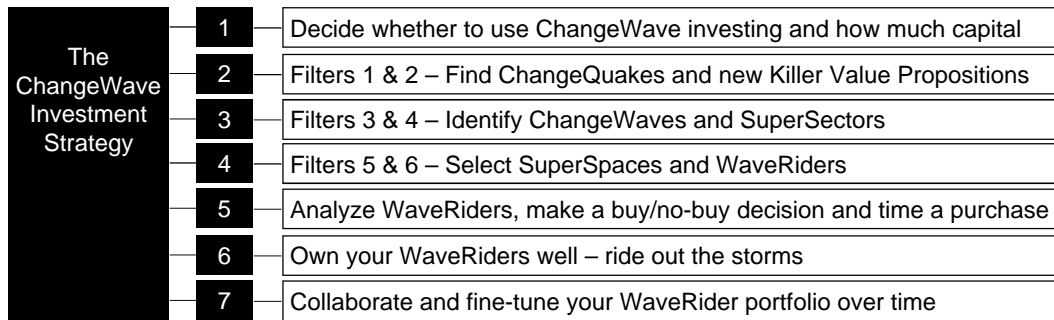
**MAIN IDEA**

“ChangeWave Investing” is an aggressive growth investment strategy for New Economy stocks. The objective is to identify which stocks will grow the most in value as the New Economy becomes progressively larger and better established.

Lying at the heart of ChangeWave Investing are three key concepts:

1. The best stocks can be identified by analyzing their business, positioning and marketing strategies, not their balance sheets.
2. The greater the change occurring within an industry, the faster the rate of growth for leading stocks in that industry.
3. The more smart, qualified people that participate in researching investment opportunities, the greater the accuracy achieved.

The seven steps of ChangeWave Investing are:



Step 1 - Decide whether to use ChangeWave investing and how much capital . . . . . Page 2

The entire rationale for using the ChangeWave investment strategy is the belief a new economic age is emerging, creating exceptional wealth creating opportunities. Unless you accept this idea, ChangeWave Investing is not for you.

Step 2 – Filters 1 and 2 – Find ChangeQuakes and Killer Value Propositions . . . . . Page 3

The first two filters – things to look for – are:

1. ChangeQuakes – new environments created by technology, regulatory, economic, strategic changes.
2. Killer Value Propositions – order of magnitude improvements in status quo situations.

Step 3 – Filters 3 and 4 – Identify ChangeWaves and SuperSectors . . . . . Page 4

The next two filters are to look for:

1. ChangeWaves – rapidly growing, investable economic or strategic transitions taking place.
2. SuperSectors – industrial sectors that enable ChangeWaves to deliver benefits and which are growing at more than five times the rate of growth of the S&P 500.

Step 4 – Filters 5 and 6 – Select SuperSpaces and WaveRiders . . . . . Page 5

The final two filters are to analyze:

5. SuperSpaces – an enabling industry within a SuperSector which is growing faster than the S&P 500.
6. WaveRider Stocks – a stock within a SuperSpace which best delivers a Killer Value Proposition.

Step 5 – Analyze WaveRiders, make a buy/no-buy decision and time a purchase . . . . . Page 6

It’s now time to analyze each WaveRider in more detail and decide whether or not to buy it as part of your aggressive growth investment strategy. If you do decide to add a WaveRider stock to your portfolio, you then want to time your purchase advantageously.

Step 6 – Own your WaveRiders well – ride out the storms . . . . . Page 7

Every six months like clockwork, the technology stock market goes through a meltdown. Smart ChangeWave investors anticipate that – and have the emotional and mental strength to maintain their investment strategy.

Step 7 – Collaborate and fine-tune your WaveRider portfolio over time . . . . . Page 8

Over the longer term, ChangeWave Investing seeks to fine-tune and refine a portfolio of investments seeking rapid growth in response to three simple questions:

1. What are the biggest growth stories of the New Economy?
2. Which industries are the primary beneficiaries of those growth engines?
3. Which companies within those industries are most likely to enjoy exceptional rates of growth?

By working with other people, the answers to these questions can and should be changing all the time.

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