

PAYBACK TIME

Making Big Money is the Best Revenge

PHIL TOWN

PHIL TOWN is a self-made multi-millionaire and public speaker. After serving as a Green Beret in the U.S. Army in Vietnam, Phil Town was working as a whitewater guide on the Colorado River when he met a mentor who taught him investment strategies based on Warren Buffett's famous first law of investing: Don't lose money. Phil proved to be a good student and within five years he had parlayed his modest startup investment capital of \$1,000 into a million-dollar investment portfolio. In 2006, he published his first book *RULE #1* which went on to become a *New York Times* best seller. Phil Town annually addresses more than 500,000 people and is a regular guest on CNBC and MSNBC.

The Web site for this book is at www.PaybackTime.com.

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MAIN IDEA

All too often, people put their long-term investment capital into mutual funds and then sit back and hope someone else will make them the millions they will need to fund their retirement. That's all well and dandy, but the brutal reality is:

- Mutual fund management fees will steal as much as 60 percent of your capital over the lifetime of your investments.
- Only four percent of mutual fund managers ever succeed in beating the S&P 500 index over the long term.
- When the markets go down, all mutual funds tend to go down with them, even those which are described as being "low-risk."

There's got to be a better approach and fortunately there is. It's called "stockpiling" – how and when to accumulate stock in a wonderful business as the market price is going down rather than up. Stockpiling is the strategy the richest people in America have been using to make their billions by being savvy investors. Stockpiling enables you to invest in the right business at the right time and is exactly how the best investors can turn a down market into an up portfolio.

In essence, stockpiling means when you find a good investment, you buy as much of it as you can afford with 25% of your investment funds. If the price subsequently goes down, you use that as an opportunity to buy even more at a lower price. If you've done your homework and found a wonderful business, ultimately the market will recognize that and your investment will eventually start rising in price to its true value. You're then well positioned to lock in the gains you've generated for yourself.

The financial and mutual fund industries don't exist to make you rich. In fact, they have highly sophisticated strategies for transferring wealth from your pocket to theirs. It's time to take the steering wheel for your own investments. Take action. Learn how to stockpile your way to the riches you need to retire on.

The Stockpiling Approach to Building Wealth

The Theory of Stockpiling

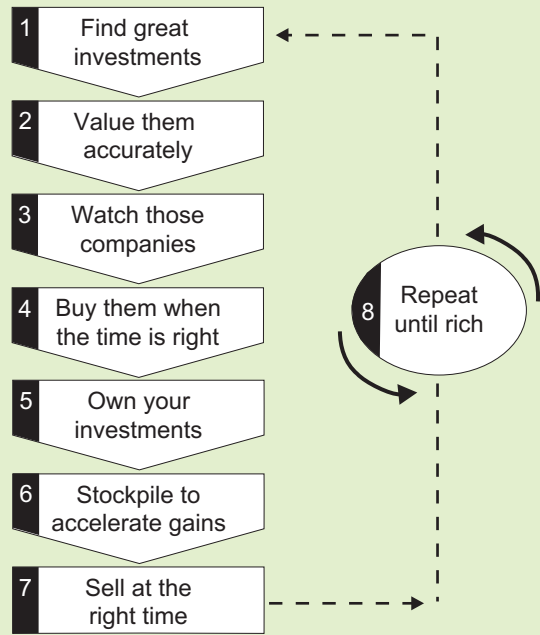
"The basic ideas of investing are to look at stocks as a business, use a market's fluctuations to your advantage, and seek a Margin of Safety. A hundred years from now, these will still be the cornerstones of investing."
 – Warren Buffett

The essence of stockpiling is to find a business you'd like to own lock, stock and barrel if you had enough money, and start investing in it. You then hope the price goes down so you can buy more in the future at an even better price. Stockpiling is really nothing more than savvy value investing in action.

- ▶ 1 Always buy a business, not a stock
- ▶ 2 Know the difference between price and value
- ▶ 3 Compound returns using astute stockpiling
- ▶ 4 Control your fears with knowledge and reason
- ▶ 5 No mutual funds!
- ▶ 6 Find no risk investments the three-M way
- ▶ 7 Set up a "Berky" and start it filling
- ▶ 8 Always build in a margin of safety

Stockpiling in Action

To make stockpiling work for you as a day-by-day investment program, you need to take eight straightforward steps:



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