

Saturday, May 13, 2006

1 MARKET VOLATILITY AND HOW TO HANDLE IT

DR. BOB SMITHSON, *President, Anava Corp.; and Manager, Anava Capital Management LLC*

J.P. Morgan, when asked what he thought the market would do, is reported to have replied, "It will fluctuate." Market volatility, seemingly unpredictable price fluctuations, is something even J.P. Morgan was forced to live with; but it is, in itself, neither bad nor good. It doesn't need to be feared, but it does need to be understood and managed in a reasonable way. Dr. Smithson will discuss the causes of volatility and their implications for the investor, as well as ways to meet differing investment objectives in a volatile market.

2 PSYCHOLOGY OF TRADING: MANAGING YOUR EMOTIONS AND IDENTIFYING EMOTION-BASED ANOMALIES IN THE MARKETS

DR. RICHARD L. PETERSON, *Managing Partner, Market Psychology Consulting; and Researcher, Stanford Univ. Dept. of Psychology*

This presentation will be based upon recent neuroimaging research of investment decision making at Stanford University. The SPAN lab at Stanford University, directed by Brian Knutson, Ph.D., has been investigating the neural basis of rational and "irrational" investing decisions. Findings from the lab indicate that emotions, particularly following financial gains and losses, negatively bias future trading decisions. Among other topics addressed will be the role of stress during trading, and simple techniques for stress management will be introduced. Dr. Peterson will review the behavioral finance literature on market price patterns (anomalies) caused by group emotionality, in order to integrate the neuroscience research with real-time price effects of group emotions. Dr. Peterson also will touch upon the findings from his on-line "investor personality test," which over 700 investors have taken so far.

3 FINDING A STOCK WINNER: FIRST STEP SCREENING

JOHN M. BAJKOWSKI, *Vice President, Financial Analyst, AAIL*

While successful money managers may differ in their investing philosophy, a disciplined approach to selecting and pruning investments is a common characteristic. John Bajkowski, vice president and financial analyst at AAIL, will show how computerized stock screening systems can be used to reduce a large universe of stocks into a manageable group of prospects that match your investment style. He will walk through the process of developing and implementing both a value and a growth screen and how AAIL's Stock Superstars Report uses a mix of approaches to build a portfolio.

4 COMPUTERIZED INVESTING IN THE REAL WORLD

AL ZMYSLOWSKI, *VP of Engineering at Fujitsu Computer Systems and Individual Investor*

The presentation will cover the methods and tools used to manage a micro-cap stock portfolio that has been in operation for the past four years. The methodology includes using Stock Investor Pro for stock screening, employing RiskGrade-based volatility measures for position sizing and reduction of overall portfolio volatility, and a simple volatility based stop-loss method for protecting profits and limiting losses.

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| MEETING DETAILS | | Lunch | 11:45 a.m. |
| SATURDAY, MAY 13, 2006 | | Q&A | after each talk |
| Lookout Restaurant at Sunnyvale Muni Golf Course, 605 Macara Ave., Sunnyvale, 408/739-8900; maps.yahoo.com | | General panel discussion and Q&A | 3:45 p.m. |
| Registration/Social/Breakfast | 8:00 a.m. | In Advance (by 5/6) | Everyone, \$30/person |
| Program | 8:30 a.m. – 4:00 p.m. | At the Door (space permitting) | Everyone, \$40/person |
| Refreshments Breaks | 10:00 a.m. & 1:45 p.m. | No Refunds | |
| | | Chapter E-mail Address: aaichapter_siliconvalley@yahoo.com | |
| | | Chapter Web Page: www.aail.com/localchapters | |

Mail completed advance registration form with your check (payable to AAIL) to: **AAIL Silicon Valley Chapter, P.O. Box 58, Cupertino, CA 95015**. Please do not send checks to AAIL National in Chicago.

Silicon Valley Chapter: Advance Registration Form for Saturday, May 13, 2006

PLEASE PRINT

REGISTRANTS/TOTAL FEES

_____ Registrants

\$ _____ Total Fees

Double-check fees (see "Meeting Details"). Your canceled check is your receipt.

REGISTRANT INFORMATION

Registrant Name _____

Chapter will use the contact information that you provide below to notify you of meeting cancellation or other important meeting information. For notification, please indicate (✓) at least two methods of contact:

() Phone: Day (_____) _____

() E-mail: _____

() U.S. Mail: _____

() AAIL Member _____ () Nonmember

() This is my first meeting!

() I volunteer to help this chapter plan and present investment education meetings.

Guests' Names _____

Speaker Biographies

Bob Smithson has a Ph.D. in physics from Caltech, and over 30 years of experience in the analysis of complex, noisy and inaccurate data. He has been an individual investor for 35 years, and is presently the President of Anava Corporation, a small custom software company that does consulting in the analysis of complex data for various applications. The company has developed software for securities analysis, and has recently formed a subsidiary, Anava Capital Management LLC, a Registered Investment Advisor of which Dr. Smithson is the Manager. Bob is also a member of the board of the Silicon Valley Chapter of the AAll, and is responsible for the Computerized Investing Group.

Richard L. Peterson, M.D., was born in Washington, D.C., and raised in Texas. He attended the University of Texas where he earned degrees in electrical engineering and arts in 1995. Also in 1995 he co-founded and worked as a partner in Intelligent Investments where he both designed neural network-based stock index forecasting software and traded derivatives. Dr. Peterson attended the University of Texas Medical Branch (medical school) from 1996 to 2000 where he received the Ford Award for Excellence in Psychiatry and earned a doctor of medicine degree (M.D.). He completed his four-year psychiatry training in 2004, and at present he continues as a managing partner of Market Psychology Consulting. Dr. Peterson has created four on-line money psychology tests. He has been managing his own stock and commodity investment accounts for the past 14 years, and for the past six years the accounts have been managed with psychology-based systems.

John Bajkowski is vice president, financial analyst at AAll. He writes for Computerized Investing, a bi-monthly publication that covers the use of personal computers for financial planning, investment analysis and portfolio management. He writes a column for the AAll Journal on the general issues involved in analyzing stocks and produces a monthly stock screen for the AAll Web site. He also serves as product manager for the Stock Investor computerized fundamental data and screening programs. Bajkowski earned a bachelor's degree in finance and management from DePaul University. He has been with AAll for more than 10 years.

After getting his MSEE, **Al Zmyslowski** spent 10 years doing CPU design and architecture. In the ensuing 15 years, he has held a number of a number of Engineering management positions. Al is currently VP of Engineering at Fujitsu Computer Systems. Al started out as a 'casual investor' 27 years ago, and became a more serious investor 15 years ago. Interests include sector fund investing, market-timing systems and stock portfolio creation and management. Al is a member of an investment club and a regular attendee, presenter at the San Jose VectorVest User's Group.

Discussion Groups

Sunnyvale Discussion Group

The Sunnyvale Discussion Group meets on the fourth Monday of each month at 6:30 pm in the Coco's Restaurant located at 1209 Oakmead Parkway in Sunnyvale. The meeting is held every month except December.

Opinions expressed in this meeting announcement and at chapter meetings are not necessarily those of AAll.

This Special Computerized Investing All-Day Seminar Is Presented by the Silicon Valley Chapter of AAll

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■ AAll records indicate that you are signed up for the MEETING ANNOUNCEMENT MAILING LIST(S) OF THE FOLLOWING CHAPTER(S). TO MAKE A CHANGE, CONTACT MEMBER SERVICES, 312/280-0170 OR 800/428-2244.

The American Association of Individual Investors is an independent nonprofit corporation formed in 1978 for the purpose of assisting individuals in becoming effective managers of their own assets through programs of education, information and research.

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