MOTLEY FOOL
MILLION DOLLAR PORTFOLIO

MEMBER GUIDEBOOK

FROM THE DESK OF MATT ARGERSINGER, LEAD ADVISOR, *MOTLEY FOOL MILLION DOLLAR PORTFOLIO*

Dear Fellow Fool,

In the roughly eight years that I've been with The Motley Fool now, there's one question that I get asked over and over again by your fellow Fools…

Doesn't matter if it's on the Motley Fool message boards, at a Fools-only event, or even when I introduce myself to people and tell them where I work.

"Matt, I love The Motley Fool. But you guys have so many stock picks. How in the heck am I supposed to know which ones I should be buying RIGHT NOW?"

To be honest, it's a fair question. Perhaps one that you've even pondered yourself.

Especially in light of the fact that we now have a whopping 716 active recommendations across all of our stock-picking newsletters.

And because we feel like it's our duty to accommodate any and all of our members' investing *needs*, *wants*, and *requests*… we knew it was high time to come up with a bold and innovative new solution for the thousands of Motley Fool members who had agonized over that question.

So to answer it, Motley Fool co-founder and CEO Tom Gardner deposited a check for $1,000,000 of The Motley Fool's very own investment capital into a bank account back in 2007, with a single purpose in mind.

To create a diverse portfolio solely made up of elite stock recommendations hand-selected across The Motley Fool's five stock-picking newsletters — *Stock Advisor*, *Rule Breakers*, *Hidden Gems*, *Inside Value*, and *Income Investor*.

Not only giving Fools who are interested in taking their investments to the next level easy access to a comprehensive "best of the best" portfolio capable of thriving under a variety of economic conditions and market climates…

But also saving them a great deal of time *and* stress in the process — since we're now the ones who're spending the hours upon hours that it takes to comb through these hundreds of stocks *for them*.

That means investors like you who choose to join us will always know precisely *which* Motley Fool stocks to buy right this second, *how* much to purchase when you do, and at *what* price.

Not to mention when to rebalance your portfolio if it gets overweight in a specific area… whether to sell down a holding that's unexpectedly skyrocketed, or simply let it ride… and when it may finally be time to cut bait on an underperforming stock altogether.

We call this revolutionary investing venture *Motley Fool Million Dollar Portfolio* — or *MDP*, for short. In fact, it's the flagship real-money portfolio service that we offer to members here at The Motley Fool.

And as the lead advisor of *MDP*, I'm so proud to offer it to beginning investors just trying to get a basic handle on which individual stocks they should be starting off with…

…moderately experienced stock pickers who are interested in stepping it up a notch and taking their portfolio management and allocation process a little more seriously (while not having to spend too much time to do so)…

…and even veteran investors excited to dive into a welcoming community surrounded by constant stock jock talk and portfolio allocation chatter.

But of course, the only person who can really decide whether *Million Dollar Portfolio* is right for you is *you*.

Which is why I've asked our design team to help me put together the ***Million Dollar Portfolio* Member Guidebook** that you see before you.

If you have a quick 10 or so minutes to spare, I think it'll really open your eyes to how my team and I here in *MDP* can help turn your present investment dreams into your future investment realities…

So no matter where you are in *your* investing journey, I sincerely hope you'll choose to join us on *ours*.

Kindly,

Matt Argersinger
Lead Advisor
Motley Fool Million Dollar Portfolio

MATT ARGERSINGER
LEAD ADVISOR
MOTLEY FOOL MILLION DOLLAR PORTFOLIO

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How do I know if *MDP* is right for me?

We're glad you asked! We want to share as much information as you need *ahead of time*, so that you can act quickly and decisively when this limited-time offer becomes available in the coming days.

(Keep in mind, thanks to our 100% membership-fee-back guarantee, you can "test drive" *MDP* for up to a full year. If you decide not to stay with us, you'll receive your entire membership fee back. No questions asked.)

What makes *MDP* so popular? We recognize that every Fool's reason for joining is unique. But here are some common themes we've heard over the years. Maybe this sounds like you...

➤ Fools who want more access and even more stock picks

Some of those who join us in *MDP* are current *Stock Advisor* or *Rule Breakers* members who want to receive even more Foolish stock recommendations – and save money at the same time. Joining *MDP* means you receive full access to all 5 of the Fool's stock idea services – including *Stock Advisor, Rule Breakers*, *Hidden Gems*, *Income Investor*, and *Inside Value*. That's over a $1,000 value, all included in the cost of an *MDP* membership.

There's another layer of value as well. In *MDP*, lead advisor Matt Argersinger and his team hand-pick the "best of the best" Fool recommendations... letting you in on their highest-conviction ideas from across the Fool universe and helping you build a diversified portfolio across a range of different holdings. Growth and income, tech and health care, blue-chip stalwarts and small caps... you name it.

> **"Great returns and great advice. I see a great retirement in my near future!"**
>
> *— Rich D., Naperville, IL*

➤ Fools who want more portfolio guidance and less guesswork

MDP doesn't just provide "best of the best" Fool recommendations. Members discover how to take these recommendations and build them into a diversified, long-term portfolio – the kind that can help grow your capital for many years to come.

Please note that even though The Motley Fool has dedicated $1 million to the *MDP* portfolio, you don't have to have a million dollars to invest alongside us. Far from it.

MDP is designed to "fit" you no matter the size of your current portfolio. You are not only told *which* stocks to buy, but also *how much* to buy, including the exact percentage of your portfolio to dedicate to a particular company. There's no guesswork!

So if you've ever wondered...

- Whether a sudden drop in the price of a stock represents a major buying opportunity – or a major warning sign...
- How much money to allocate to each of your holdings...
- Or how to diversify your portfolio in order to maximize your upside while minimizing your downside...

Then you might particularly enjoy *MDP* membership.

And while some of our more passionate *MDP* members love digging into the numbers right alongside us, the majority of our members want all the "hard work" done for them. Which is why we've set up *MDP* in a way that allows you to spend as much – or as *little* – time managing your portfolio as you would like.

> **"We started with less than $50,000 six years ago. About $38,000 has been added, while $18,500 was withdrawn. And the portfolio has slightly over $300,000 today. Thank you, gang!"**
>
> *— Jim G., San Jose, CA*

➤ Fools who want to become better investors

Accessing more stock ideas, saving money on the cost of multiple memberships and receiving comprehensive, end-to-end portfolio guidance are all pretty powerful reasons for joining *MDP*.

But we also hear from people – some who are longtime Fools, while others are relatively inexperienced – who simply want to become better investors. If that's you, welcome! We think you'll love what you find inside. As an *MDP* member, you receive timely, insider's transcripts of the discussions happening among Matt Argersinger and his team as they decide which stocks to buy for the portfolio. You can also get your questions answered and compare notes with likeminded fellow members on the exclusive *MDP* message boards.

> **"Congrats to Team *MDP*. This has been an amazing ride, and I look forward to many more years of enjoyable learning, banter, Tom-Foolery, and discussions about great companies."**
>
> *— Nick, Rochester, MI*

Remember: If you have any questions about joining *MDP*, you can call us at 1-855-691-3665. We look forward to hearing from you.

MILLION DOLLAR PORTFOLIO

Our top goal in *Million Dollar Portfolio* is to help you build a market-beating investment portfolio.

Part of that means making sure you understand the reasoning behind our investment actions, so we're sharing our team's philosophy and our decision-making processes with you here.

PHILOSOPHY

Our job is to identify, buy, and tenaciously hold good companies. To us, good companies have at least three of these traits:

- **A clearly defined and compelling mission.** Making a substantial profit isn't the singular goal of good companies. Good companies are also out to reshape markets, deliver wonderful customer experiences, reward shareholders, and sometimes even improve the world. A good company's mission should be summed up in a clear statement that executives, employees, customers, and shareholders can proudly stand behind.
- **Significant competitive advantages.** Whether it's valuable intellectual property, irreplaceable assets, economies of scale, high switching costs, or vast network effects, great companies have strong and durable competitive advantages. They can consistently exert pricing power in their markets and cost pressure on their competitors.
- **Superior growth in revenue, cash flow, and/or dividends.** Good companies can grow faster than inflation and the overall economy. Using pricing power, operational efficiency, and smart capital allocation, they position themselves to beat the market.
- **Capable, incentivized leaders with capital allocation chops.** Well-run companies have managers with intrinsic and extrinsic incentives to run the business with shareholders in mind. This alignment is evident when managers, for example, have significant personal ownership stakes in the business, set appropriate performance

Lead Advisor: Matt Argersinger

Style: Balanced

The 10-second summary: The *MDP* team is on the hunt for the best companies in our Motley Fool stock-picking services. We believe that buying and holding sound companies goes hand in hand with sound investing, and we'll fit these companies together into a diversified, risk-adjusted portfolio with the aim of beating the S&P 500's total returns by a substantial margin over time.

benchmarks, and promote shareholder-friendly compensation plans. Good companies also have managers who demonstrate the ability to allocate capital to grow the business, enhance competitive advantages, and reward shareholders.

- **Large and growing market opportunities.** Good companies own significant or increasing shares of large and growing markets and have substantial business optionality. A good company can become an especially great investment when its current market size is dwarfed by its addressable market.
- **Financial fortitude.** A company can only stay or become good if it has the financial strength — a healthy balance sheet, sustainable cash flows, and/or easy access to cost-efficient capital — to invest and grow the business at high rates of return and, when appropriate, return capital to shareholders.

STRATEGY

MDP will build its portfolio from the companies recommended in The Motley Fool's stock-idea services: *Stock Advisor*, *Rule Breakers*, *Income Investor*, *Inside Value*, and *Hidden Gems*. Our team members are strategically positioned as analysts within these services or as points of contact to them. This establishes crucial links between *MDP* and the top recommendations from the stock-idea services. Most important, our investment process ensures that we're regularly exposed to each service's best companies.

How We Decide What to Buy

Every month, each *MDP* analyst will suggest a minimum of two companies from his respective stock-idea service(s). One of those companies must originate from each service's current list of Best Buys Now or Buy First companies, which represent each service's most timely recommendations for new money. *MDP*'s portfolio and research leads will also suggest their top recommendations. Combined, this pool of recommendations will make up the month's Watch List, to be published and shared with *MDP* members.

After the Watch List is published each month, the team will discuss and evaluate that pool of stocks. This will lead to a mandated decision to recommend — or not recommend — one or more of the Watch List companies within 30 days of the list's publication. The team's discussions will be published after decisions are made.

This process will then repeat, resulting in a refreshed *MDP* Watch List each month and another round of potential portfolio buys.

How We Decide What to Sell

Unlike our buy process, our sell process will occur irregularly. Each *MDP* team member can nominate an existing *MDP* position to be sold. A sell nomination will result in a period of analysis and discussion by the team, leading to a decision on whether to sell the company.

In general, we will decide to sell a company because:

- **The company no longer meets our standards.** In most cases, this means that the company fails to satisfy at least three of our good-company traits.
- **Our investment thesis is broken.** Things change, and sometimes our original reasons and enthusiasm for buying a company no longer hold. When that's the case, we must be honest with ourselves and not let the slim chance of a turnaround keep us from investing our limited capital in better companies.
- **The investment is outside our circle of competence.** We want to invest in what we understand. When the business evolves beyond our team's wheelhouse or can no longer be explained with a napkin and a crayon, it's time to let go. There are always other companies with just as much upside that are easier to follow and understand.
- **The opportunity cost is too great.** This is probably the most important reason we'll sell. There's little point investing in one company if you think there is an alternative with more market-beating potential. Selling to reinvest in superior opportunities should always be an easy decision (though for many investors, it can be a difficult thing to do).

These factors will also guide us when the *MDP* team decides to "recapitalize" the portfolio, or sell off a pre-determined percentage of the portfolio to redeploy capital into higher-return opportunities. Periodic recapitalizations should optimize *MDP*'s returns over time and reduce the limitations imposed by our portfolio's fixed-capital structure.

How We Decide How It All Goes Together

Buying and holding good companies is the most important thing we do — but portfolio management runs a close second. *MDP* is designed to be diversified across our stock-idea services' strategies — Team David, Team Tom, growth, dividend, value, and small cap.

However, our allocation decisions are based primarily on risk factors. Just as we wouldn't want to own only large, dividend-paying blue chips, we wouldn't want to be overweight in a bunch of small-cap disruptors, either — no matter how big we think their market opportunities might be. We're seeking an optimal range of companies, from large industry stalwarts to fast-moving upstarts, to put us in the best position from a risk-reward basis.

We're also firm believers in:

- **Letting our winners run.** When we identify a good company, we want to buy it (and keep buying it over time), hold it, and rarely (if ever) sell. Valuation should play only a very minor role in our consideration of sound businesses that meet — and then continue to meet — many of our good-company traits.
- **Watering our flowers and trimming our weeds.** Over time, we want to add to our winners and hold or sell our losers. Most investors tend to do the opposite. We want our most successful companies to grow into larger positions in the portfolio, while our losers — and we'll have many — decline in percentage and portfolio influence.

FOOLISH BOTTOM LINE

Okay, so the above is admittedly a lot to digest. But if you can take away just a few things about *Million Dollar Portfolio*, be sure to keep our three primary goals in mind:

- **To beat the market.** Our aim is for *MDP* to beat the total returns of the S&P 500 — and to do so by at least three percentage points (300 basis points) on an annualized basis. Consider this our minimum target.
- **To educate.** An essential part of the *MDP* experience is learning about the many great companies in our Foolish universe and how to build and manage a successful, diversified, market-beating portfolio. We want to help you build your own real-money portfolio that beats the market — and even *MDP*'s returns.
- **To have fun.** Though it can certainly be painful at times, investing should always be a joyful endeavor. We'll hit home runs. We'll make mistakes. But the important thing is that we'll share in the triumphs and individual milestones that will come. Let's never take ourselves too seriously, always practice constructive criticism, and make this a fun place to hang in Fooldom.

STOCK ADVISOR

In life, you wouldn't choose a partner without knowing his or her philosophy on love, children, finances, sports allegiances, or any number of important issues.

The same goes with financial advice. You don't blindly hand your money to anyone claiming he'll make you rich. Before you fork over your cash, you want to understand his processes, his practices, and what he stands for. From the beginning, David and Tom have stood by seven core principles of investing — principles that helped propel them to earn market-crushing returns in *Stock Advisor.*

We want you to share in those returns. To do so, we need to reiterate and help you embrace the seven principles known as The *Stock Advisor* Way, so here goes.

Principle No. 1: Buy Businesses, Not Tickers. This one is straight from the mouth of famed investor Peter Lynch, who generated 30% annual returns while at the helm of Fidelity's Magellan mutual fund. At *Stock Advisor*, we buy into a company's prospects, its future, and its management. We're

Lead Advisors: David and Tom Gardner

Style: Balanced

The 10-second summary: *Stock Advisor* is the flagship stock-picking newsletter of The Motley Fool, searching for truly great companies poised to succeed over a long-term time horizon. We love visionary leaders and want to see an executive team that has plenty of "skin in the game." Value is nice, but overall quality is far more important in the companies we're looking at.

not interested in trying to divine value from a stock chart, and we don't blindly invest in a hot industry. We prefer to put our money alongside a company we believe will generate shareholder value over the long term.

Principle No. 2: Be a Lifetime Investor. We're long-term investors who believe in capitalism and thriving industry. But we don't just buy our stocks and forget about them. We keep tabs on them, follow the news, study the earnings reports, and strive to learn more about the industries. We also add money to our shares each month, so we're continuously saving and investing.

Principle No. 3: Diversify. We believe in building a diversified portfolio, much like Walter Schloss, who generated astounding annual returns during his lifetime and held nearly 1,000 securities. We need not own that many stocks, but a diversified portfolio protects us from the inevitable blips — and allows us to sleep well at night.

Principle No. 4: Fish Where Others Aren't. We're not interested in following the crowds. We are interested in thinking for ourselves, doing our own research, and making our own decisions.

Principle No. 5: Check Emotions at the Door. We recognize that stocks will move up or down for a variety of reasons — and often these movements happen daily. We manage our temperament and don't let our emotions affect our decisions. If stocks we like dip for an unjustified reason, we'll load up rather than sell out.

Principle No. 6: Keep Score. We believe in accountability and have tracked our positions from the get-go. Day or night, you can find the performance of all our picks on our online scorecard. Does your broker do the same?

Principle No. 7: Be Foolish and Have Fun. People are conditioned to believe that investing is too difficult for the average Joe saver — and that money issues are best left to the professionals. But we believe you can do it better than your broker — and we think you should have fun along the way.

There you have it: The keys to investing The *Stock Advisor* Way. Though David and Tom subscribe to the benefits of the seven principles, they differ when it comes down to the nitty-gritty of stock-picking. We've taken the time to highlight the differences between the two brothers' styles...

INVESTING WITH TEAM DAVID

Rule No. 1: Invest in companies with unquantifiable greatness — a secret sauce that gives them an edge. For consumer-facing businesses, that means finding products that are sticky — products that fasten themselves to people's daily lives. Team David asks: How would consumers react if someone took that company off the face of the Earth tomorrow? Team David wants businesses that have "the love."

In other situations, unquantifiable greatness means looking at businesses at the early stages of any one of 20 possible futures. Generally this kind of wide open landscape bodes extremely well for investors.

Rule No. 2: Choose companies that will benefit from undeniable, long-term trends. The '90s was the age of the Internet — an undeniable revolution in information. Prescient investors knew this and clung to the greatest businesses within it. Today, we can see these irrefutable movements all around us: energy, entertainment, health care, etc. Once you're able to identify a trend, concentrate on finding the smartest, most forward-thinking businesses within it.

Rule No. 3: Get in early on a great business and don't haggle on the price. When Team David finds a stock with great mojo, they don't quibble over a couple of dollars in the price. In the long run, a few cents and dollars will mean nothing if you get in early on a top-notch business. As these stocks continue to succeed, Team David invests more in them — and doesn't shy away from them.

INVESTING WITH TEAM TOM

Rule No. 1. Find a great company in a beaten-down but relevant industry. Team Tom seeks buying opportunities in out-of-favor industries, where short-term concerns and negative sentiment can drag down shares of even the best-run companies. By maintaining a long-term focus, the team is often able to snap up shares of great companies on the cheap.

Rule No. 2. Look for solid financials and a proven, efficient business model. Team Tom loves to see a company with lots of cash, reasonable debt, and high returns on equity. A stout balance sheet and steady free cash flow allow a company to thrive, whether the economy is soaring or struggling.

Rule No. 3. Seek shareholder-friendly management teams with ownership stakes. Team Tom looks for loyalty and experience in the executive suite and boardroom. Before investing, they ask: "Would I want the CEO babysitting my kids? Would I want the CFO managing my portfolio? Would Warren Buffett have these guys over for dinner?" Reasonable compensation, insider ownership, and minimal share dilution are strong signals that the interests of the team running the company are aligned with those of shareholders.

FOOLISH BOTTOM LINE

There's a lot to digest here, whether it's embracing the seven tenets of investing the *Stock Advisor* way, or whether it's understanding what separates Team David's approach from Team Tom's. But remember, because you're part of the *Stock Advisor* family, you have the added advantage of knowing that you're never out there alone. The entire team is here to help you along the road to retirement. We'll get you there by thinking outside the box and going against the mainstream as we identify a diverse selection of top-notch stocks we're comfortable holding for years. And along the way, we'll do our best to uncover some Foolish fun!

RULE BREAKERS

When we talk about growth, we're essentially talking about a company selling more goods and services this year than it did last year — and expecting to sell even more the following year. But you shouldn't just search out hot companies or high growth rates in isolation.

Rule Breakers investing is about identifying companies that are likely to turn a high growth rate — or an anticipated high growth rate — into a sustainable force for driving cash flow for a very long time to come. With the right principles and a little discipline, you can be a successful growth-stock investor — and the payoff can be huge.

WHY IT WORKS

Rapid growth can lead you to some of the biggest returns you'll ever find as an investor. Yet at the same time, chasing growth by itself is a ticket to mediocre performance... or worse. So how can you find the companies that will lead to superior returns and avoid the mistakes that will drag down your performance?

Lead Advisor: David Gardner

Style: Growth

The 10-second summary: Uncovering the best business of tomorrow — *today*. We're looking for innovative companies that are poised to (or already are) disrupting the concept of "business as usual."

We look at six criteria to help identify a Rule Breaker. Not every great growth investment has all these traits, and not every company we recommend is a Rule Breaker. But the companies that exhibit all these characteristics deserve special attention. They're most likely to be the ones that sustain extraordinary growth over a long period of time.

1. Top Dog and First Mover in an Important, Emerging Industry

A top dog holds the dominant market share in its industry; usually it's the largest by market capitalization. The first mover is the innovator that first exploits a niche — essentially creating its market. And finally, that niche must actually be worth dominating.

Who has put all of this together? Think of Microsoft in software, Starbucks in coffee, Whole Foods in natural and organic groceries. Starbucks didn't invent the coffee shop, and Whole Foods wasn't the first natural food store. But these companies were the first to conceive of these businesses on a national and ultimately international scale, when others didn't see growth opportunities.

Rule Breakers aren't hidden; they're right there before our eyes, bringing disruptive technology, clever and effective marketing, or a brand-new business model.

2. Sustainable Advantage Gained Through Business Momentum, Patent Protection, Visionary Leadership, or Inept Competitors

Successful businesses attract competition. The critical question is how well a company can fend off that competition.

In some businesses, like the pharmaceutical industry, patents can enforce a lasting competitive advantage. On the other hand, patent protection can be problematic in the software industry, where protected inventions can often be worked around.

Luckily, there are other ways of protecting a competitive advantage. Companies have trade secrets (the formula for Coke isn't patented; it's a well-guarded secret known to only a few employees), and they can build expertise that others find hard to duplicate. Some businesses require daunting levels of capital investment to become established, while others invest in their reputations and brand names. Sometimes a company's leaders are just smarter than the competition — and sometimes competitors find they just can't adapt to a changing world.

The key is to find what we call a company's moat — its bulwark against inevitable competitors — and figure out how many alligators are in it.

3. Strong Past Price Appreciation

Consider an investor's take on Newton's law of inertia: A stock on the rise tends to remain on the rise unless an outside force disrupts its path.

The best growth stocks continue rising, because their advantages allow them to sustain remarkable earnings and cash flow growth and to continuously win new converts among the ranks of both customers and investors. Don't count on momentum to save your bacon in the absence of other strong fundamentals. But a strong company firing on all cylinders can sustain a remarkably extended run.

4. Good Management and Smart Backing

Good management trumps almost all other concerns. Think of a company like Target: At its core, it's just another discount retailer with few structural advantages over its rivals. Yet by dint of good management, it's been very successful and returned a lot of value to shareholders. Better a mediocre business with great management than a great business with mediocre management. Over time, those latter guys will screw up a free lunch.

Now imagine adding great management to a great company — it's a powerful force.

Judging the quality of a management team is a bit subjective, but that's because it's human beings who head these companies. Luckily, we're human beings, too, and most of us are equipped with skills to assess the more subjective aspects. Listen to conference calls and investor presentations. Even if you can't talk to management directly, the Internet makes it easy to hear how the top brass think and how they interact with investors. Are they smart? Visionary? Inspiring? The heads of Rule

Breaking companies are often career entrepreneurs with a track record of business formation you can look to. Even if you can't put a number on it, you can certainly get some idea of whom you're dealing with.

5. Strong Consumer Appeal

It's almost impossible to overstate the power of a strong brand. If a business has mass consumer appeal, sustaining extraordinary growth is that much easier. A brand eventually reinforces itself — that's why a company like Starbucks has never really had to advertise. A brand also becomes associated with an *experience*. We're creatures of habit, and when we have to think less, it makes our lives seem easier. The habit that comes from a strong brand — knowing where your next cup of coffee is coming from — immeasurably strengthens a company against its competitors. It also gives a company pricing power over rivals — you expect to pay more for a brand name, right?

Of course, some great companies work in specialty businesses that simply don't have mass consumer appeal. That's OK, but we want to know that the company's product, name, and reputation constitute a brand among *the people who matter*. If you're looking at an esoteric software business, ask yourself this question: Could this company price its product 5% or 10% higher than its competitors and still maintain market share because of its reputation and loyal customers?

6. Grossly Overvalued According to the Financial Media

This might sound like an odd factor. Who wants to buy a stock that those wise financial commentators say is too expensive and poised for a tumble?

In fact, being derided as overvalued is a trait shared by many Rule Breakers that supposedly smart investors avoid... stocks that go on to double, triple, quintuple, and more over the years. The "too expensive" label comes from underestimating how a Rule Breaker can disrupt its industry, displace competitors, and grow over a relatively short time. Investors' fears leave many on the sidelines, only to come in later and drive the stock up further as the writing on the wall becomes more apparent.

These six criteria aren't guaranteed to weed out every dog or to point you to every winner. But they offer a framework for evaluating fast-growing companies. We think they can focus your attention on the characteristics most likely to be shared by companies that turn growth into extraordinary performance over a long period.

FOOLISH BOTTOM LINE

Where are the creative disruptions happening today? Some are undoubtedly just bubbling up now, invisible to all but a few eyes. But others have matured enough to become apparent to investors willing to break a few rules. Are those opportunities in solar power? In robotics? In the new world of cloud computing? Maybe all of the above?

Finding these companies will challenge your sleuthing abilities. Buying them will challenge your well-honed impulses as a cautious investor.

Just remember this: *Rule Breakers* investing isn't about taking giant gambles on unproven, blue-sky ideas. It's about recognizing the companies that are already succeeding in creating a new niche — and identifying the ones that are going to keep succeeding tomorrow.

In other words, it's the ultimate in growth investing.

HIDDEN GEMS

Back in 2003 in our very first issue, Tom Gardner offered up a two-word definition of a Hidden Gem that's become something of a mantra for the service — underfollowed and undervalued. Simple, elegant, accurate.

Our definition of what constitutes a Hidden Gem hasn't really changed from that first issue, but over the years, we have refined and elaborated on it — in issues, updates, special reports. Today, we present — all in one place — what exactly we call a Hidden Gem.

WHAT A GEM'S GOT

Let's get down to brass tacks:

- *Hidden* reflects the absence of positive market sentiment (whether from obscurity or neglect).
- *Gem* refers to a high-quality business and management team with lots of potential.

It's an intuitive name for an intuitive way to invest. A Hidden Gem is a great company that for some reason is not receiving favorable investor attention *right now*. This happens because in the short run the market is inefficient in pricing securities. Over the long haul, though, it tends to get things right, rewarding high-caliber companies with a price that reflects their business fundamentals (free cash flow, growth prospects, capital productivity, cash, debt, and more).

Mr. Market is no dummy, but he does have lapses of reason — not to mention outright panics — that can underprice the stocks of quality corporations. It's during those lapses that we find our three most lucrative *Hidden Gems* situations.

1. A great company that's flat-out unknown and therefore not priced according to its greatness. This is a classic Hidden Gem — a stellar but obscure company just waiting to be discovered. Think **Buffalo Wild Wings**. These are typically small companies, which, by sheer virtue of their smallness, haven't yet garnered Wall Street's attention.

Lead Advisors: Andy Cross and Seth Jayson

Style: Small-cap

The 10-second summary: At *Hidden Gems*, we specialize in unearthing undervalued small-cap companies that offer huge capital gains potential. As such, we focus on investing in stocks with a market capitalization of less than $2 billion, but we have the flexibility to stretch higher for the right opportunity.

2. A great company that faces a temporary setback, but the market prices the stock as if the problem is permanent. The stock market can be mind-numbingly fickle. A company can get one piece of bad news and wham! — the stock price craters as if the business had suffered a permanent loss of earnings power. In reality, the company's value is just temporarily hidden because of the market's well-documented bi-polar ways. From Gem-land, **Under Armour** falls into this category.
3. A great company that is known, but that has made operational errors or has become the victim of larger economic problems. Unlike in situation No. 2, where results temporarily cause the stock to fall from favor, this leads to longer-lasting investor disdain. Either way, these companies become so universally hated that even when the fundamentals improve, their stocks remain "hidden in plain view." **Middleby** fits this bill.

You might notice a common adjective among these three situations: *great*. We're after hidden *quality* — not just cheap overlooked junk. Many companies are cheap for very good reasons — because they generate no economic returns, either because of inherent business shortcomings or mismanagement. We're not interested in these value traps. We're only interested in high-quality companies because only they will ever stand a chance of becoming *un*-hidden and regaining the market's favor (a higher stock price). That leads us to how we identify those high-quality companies.

THE IDEAL GEM

Of course, there's no such thing as a flawless company (sorry!), but there are several qualities we look for in order to maximize our chances of finding and holding long-term winners.

1. A sustainable competitive advantage.

Companies with sustainable advantages have powerful brands, a deep-seated corporate culture, low-cost processes, de facto monopolies or standards, patents, or distribution systems that can't be duplicated.

The best companies often have a combination of these. A sustainable competitive advantage is the fertile soil for long-term wealth creation. As Warren Buffett often quips, find a company surrounded by a wide moat filled with crocodiles and you've taken the first step toward identifying a company that's worth owning for many, many years.

A sustainable competitive advantage is not only about doing things better, though that's certainly part of it. It is also about doing things differently, and doing it again and again. At its most basic level, a product or service is differentiated when it is (1) unique, (2) widely valued, and (3) rewarded for its uniqueness with a premium price. Middleby's customer-focused research and development and ever-widening product line and distribution, for example, give it several sustainable competitive advantages, and this allows it to churn out lots of cash. Funny, that's next on our list.

2. Cash generation.

A Hidden Gem should generate consistent cash flow. While the Street obsesses over earnings per share, we look directly to the *real* bottom line (preferably, it's green) measuring classic free cash flow or owner earnings (excluding swings in working capital). We want companies that produce cash at the end of the day — after all sales are tallied, all expenses are paid, and all capital upgrades for property and equipment are complete. That's the cash left over to be put to use for the shareholders' benefit.

Free cash flow can be used for such goodies as dividends, share repurchases, or cash acquisitions. Because of the many ways free cash flow can benefit shareholders, the market will eventually recognize and reward even the most obscure company if it's able to generate consistent, and growing, free cash flow.

3. A solid balance sheet.

We prefer companies with no or little debt, because during tough times, debt can kill. While we will recommend companies that carry debt, we will do so only when interest and principal payments are safely covered. Because, as 2008 has reminded us, things *will* go wrong. We want

companies with the cash on hand or cash flowing in to buy themselves out of trouble when it comes knocking.

4. Ethical, pro-shareholder management.

We won't know everything about who's running a company, and sometimes the management teams that are most beloved by the public turn out to be anything but great. Still, we want to find companies run by managers who are honest and who show above-average skill at increasing the value of our investments in good times and in bad. In particular, we look for the following characteristics in a management team:

- **Owner-operators.** We like managers who have meaningful share ownership. We prefer founder-led companies, because we believe these folks have a more personal, burning desire to see their creations succeed. We expect to see managers who eat their own cooking, just as we'll do with our *Hidden Gems* portfolio.
- **A history of ethical behavior and honesty.** No hype, no shady dealings, and no inconsistencies in the company's story.
- **Pro-shareholder practices.** We like to see executive compensation and option grants that are within reasonable limits and management that demonstrates intelligent capital allocation in dividends, share buybacks, and acquisitions.

FOOLISH BOTTOM LINE

A Hidden Gem is a top-notch company that, either because of simple obscurity or neglect, presents a compelling investment opportunity. They are (a) cash-generating businesses, (b) run by good people, (c) with a stock price that's significantly undervalued. Many are small and unknown; some can be larger small-cap companies that are hidden in plain view.

Either way, we believe these companies will eventually benefit from a wave of positive investment sentiment that will carry the stock price substantially higher. Though we can't predict when that may be, we do know that careful, cash-flow-hungry investors like Warren Buffett, Peter Lynch, Phillip Fisher, and others have outperformed the market significantly by following some of these same principles. We plan to do the same.

INCOME INVESTOR

The goal of *Income Investor* is simple. We want to give you outstanding returns through top-quality dividend stocks.

What makes *Income Investor* different is simple as well: We want the very best dividend stocks — companies that will maintain and increase their dividends — at the very best price. We use proprietary valuation methods to uncover undervalued dividend stocks with competitive advantages, and the end result is dividends you can rely on — and capital appreciation that makes you smile. We're the dividend newsletter that fits how you *really* invest.

SIX STEPS TO SUCCESS

Our approach captures the benefits of many niche elements without confining us to a narrow track that won't work for most investors. The focus of *Income Investor* is clear and to the point: Enrich subscribers with the highest total returns, while taking the least risk, through dividend-paying stocks.

It's not light work. We leverage our technology, our experience, and — most importantly — our intellect across long hours to find diamonds in the rough among some 10,000 publicly traded companies. By its nature, part of our mining is secretive — and best kept that way. But much of it is open and has clear, crisp edges. Here are six essential mileposts on our road map to mining *Income Investor* recommendations:

1. **A dividend.** (Duh.) We want to make you the most money possible, and study after study proves that dividends make that happen — and give you the option of reinvesting to pursue bigger gains or taking the money as it comes. A study by Ned Davis Research shows that from 1972 to 2006, S&P 500 stocks *not* paying a dividend returned a measly 4.1% annualized. Dividend payers, meanwhile, returned a whopping 10.1% annually! Yields above 3% make us smile (the average *II* yield is more than 4%), but we'll dip lower if an especially profitable opportunity presents itself... because again, we want to make you the most money possible.
2. **Capital gain potential.** Stocks beat bonds over time because of a single magic ingredient: capital appreciation — the same elixir that gives dividend reinvestment its mind-blowing return potential. We put a lot of effort into valuing stocks, because we want to leave the door open for future returns. We won't make a recommendation unless a company is trading below our valuation estimate, and we'll generally suggest purchasing up to about 10% below our estimate to provide an extra margin of safety.
3. **Great management, great returns.** They go together. And they begin with intangibles like integrity and a winning game plan. We study up on management's background, corporate governance, insider ownership (insider *buying* makes us happy), and the top brass's battle plans, because they're ultimately the drivers of operational returns — returns on assets, returns on equity, and returns on capital — which are the raisons d'etre of a business. While we get giddy seeing returns on equity above 20% and returns on capital in the teens, we're reminded that a host of other factors must come into play (capital costs, trends, industry comparables) before we can reach a final verdict. But one judgment is certain: This stuff is important to us, and we give it a hard look.
4. **Size.** Risky little companies can be fun, but for *Income Investor*, we want stocks large enough not to get tossed around by the waves. Although we don't have an exact cutoff, we do seek companies with market caps of more than $1 billion.
5. **Financial fortitude.** You wouldn't want to get stood up on a date, would you? Likewise, you don't want to be left expecting a dividend that doesn't materialize. Here at *Income Investor*, we want companies that are financially solid — big and strong enough to keep themselves (and their dividend recipients) afloat. We look for a cash flow punch and a manageable debt level.

6. **Competitive advantage.** We want the best of breed. We want the last man standing in a corporate bar fight. We want competitive advantage, because there's no substitute for a company that actually does its job well. Companies with winning business models are the ones that last. These winning companies have something special going for them — something that can't be easily duplicated. That ultimately means one thing: more money for you, the shareholder. That's why we spend a lot of time here.

FOOLISH BOTTOM LINE

We don't want you cowering in the corner after you buy a stock. Nobody wants to get blindsided, so we clearly lay out all the major risks in every recommendation write-up. We can't promise perfection, but by fishing in pools of quality stocks — typically with high management ownership — we stack the odds in our favor.

Sometimes, we'll sell losers when they no longer meet our criteria. Other times, it'll be a matter of waiting out the storm. In both cases, we'll keep you posted. We believe in prompt, regular updates, though not in frequent trading. And you're never alone: You're part of our community of smart investors sharing our ideas and insights.

If you need the cash from your dividends, your choice is easy: Take it. If not, consider a dividend reinvestment plan, or DRIP, either through the company itself or through a low-cost broker. It's the simple, automatic way to plug your portfolio in to the power of compounding dividends.

Don't hesitate to get a little skin in the game. Even a few hundred dollars can do wonders for your investing psychology and learning experience.

Most importantly, don't worry! Hold tight. Dividend investing works. And we'll see you at the pot of gold at the end of your retirement rainbow.

INSIDE VALUE

Inside Value is looking for truly great companies at very good prices. These are companies that can consistently increase their values at above-average rates and provide investors with outstanding returns over the long haul. We'll also sometimes turn our gaze toward good or even mediocre companies if their shares are trading at a compelling valuation.

Wall Street frequently divides investors into two camps — value and growth — a distinction we think is irrelevant, despite the title of our newsletter! No growth investor buys a stock thinking it is overvalued, and every value investor hopes his companies will grow. As Warren Buffett has said, growth and value are joined at the hip.

But at *Inside Value*, what we won't do is overpay for growth. We insist on a margin of safety by setting our buy-below price *below* our intrinsic value estimate. (For example, if we think a company's intrinsic value is $100 and our buy-below price is $65, the margin of safety is 35%.)

Our objective is to consistently beat the market — by a wide margin over a very long time — while minimizing risk. We also focus on absolute returns because it's small comfort to beat the market by a few percentage points if you're still down 15%. But as experienced investors, we know that we might underperform over short periods, which is why we focus on the long term — for us, that's at least three years — and are confident in achieving our goals. Our long-term focus is a key advantage: Institutional investors routinely sell companies because they can't see any upside in the share price over the next two quarters. We think an analyst downgrade is often a good indication that a company might be moving into value territory.

Lead Advisor: Rich Griefner

Style: Value

The 10-second summary:
We search for mid-size and large companies listed on the U.S. stock markets that are trading far below the value we think they should be trading at.

WHAT IS VALUE INVESTING?

There are different flavors of value investing. Some follow Benjamin Graham's route, looking for cheap stocks that trade at or below book value (total assets minus total liabilities), preferably at a margin of safety of at least 50% to intrinsic value. These are the "deep value" investors, and when a stock approaches intrinsic value, they sell and repeat the process. One of *Inside Value*'s first picks, MCI, was in this category when we recommended it.

Others are more like Warren Buffett and Charlie Munger at **Berkshire Hathaway** (NYSE: BRK-B), still looking for a big margin of safety but with the caveat that they're prepared to pay up for companies with long-term competitive advantages. These are companies like **Coca-Cola** (NYSE: KO) and **American Express** (NYSE: AXP). These don't necessarily outperform the market in the short term, but over the long haul, their competitive strengths allow investors to compound market-beating returns without losing sleep. Companies like these typically have extraordinarily high returns on invested capital and highly regarded management teams.

Finally, some value investors follow the path less traveled and are true contrarians, like David Dreman, author of *Contrarian Investment Strategies* and the manager of the Scudder-Dreman funds. Dreman looks for value in distressed companies that few others want, as he did with **Tyco** (NYSE: TYC) in 2002.

We see a clear theme throughout these profiles. Each type of investor estimates a company's intrinsic value and sets a margin of safety to establish a buy price. The analysis always focuses on the free cash flow a company can generate and the strength of the company's balance sheet and management team. At *Inside Value*, we follow the same process, tracking hundreds of prospective recommendations each month. We wait patiently for the stock price to drop below our buy price before we recommend a company — we won't chase a rising stock price above that level even if we really like the business.

WHERE WE FIND VALUE

Not all stocks are created equal. So we don't follow a hard-and-fast rule of having, for example, a 40% discount to our estimated intrinsic value before we'll buy. Consider Coca-Cola: We'd love to buy it at a 40% discount, but don't expect to see it trading that low in your lifetime. But its earnings have been so predictable over such a long period that we're willing to buy it at a much smaller discount to intrinsic value — and indeed, we did, recommending it in January 2005.

In looking for value, we generally break down the field into six areas:

- Wounded elephants
- Cyclicals
- Former glamour stocks
- Fallen angels
- Special situations
- Stealth stocks

WOUNDED ELEPHANTS

We always keep an eye on the industry stalwarts, the stocks most people want to own, because they have the financial muscle to withstand stormy weather and provide steady, predictable earnings and cash flow growth. The trouble is that these are well-known traits, and companies that boast them usually trade close to fair value or are even overvalued.

Once in a while, though, these companies temporarily fall out of favor and come into our price range. Often this follows a bad quarter or two, a patent expiration, an overall market correction, or other bad news that leads institutional investors to dump the stock and then leads analysts to downgrade it. This short-term view combined with overreaction caused by market psychology almost always means the shares will be oversold, which gives value investors their opportunity — and margin of safety.

A classic example is **Colgate-Palmolive** (NYSE: CL): When we recommended it in December 2004, the shares had fallen from a high of $59 to $44 after poor quarterly results. Fast-forward to 2008, when the stock traded at $76, and we recommended selling — a virtually risk-free 72% return, plus dividends.

CYCLICALS

Cyclical companies have inconsistent earnings — their stock charts resemble roller coasters. But industry cycles can be predictable. When shopping for cyclical stocks, we usually stick to industry leaders with rock-solid management and strong balance sheets. It's notoriously difficult to forecast the U.S. and global economies, and strong balance sheets help companies stay afloat if a downturn lasts longer than expected.

A good example of a cyclical company is **Intel** (Nasdaq: INTC), which made a tremendous move from the bottom of a cycle, rising from $15 in early 2003 to nearly $35 by the end of that year. The lesson here is that you don't have to pick the lowest low to buy and the highest high to sell — you just have to be on the bus!

FORMER GLAMOUR STOCKS

This is one of the most fertile grounds for finding long-term outperformers. Glamour stocks are the story stocks everyone loves, particularly in the momentum crowd. But glamour stocks can be values too. After they fall out of favor, the price might be cut in half, but often it's only investors' expectations that have been dashed — the underlying fundamentals of the business may remain robust, with plenty of years of growth ahead (even if at a lower rate). These companies usually don't look as cheap as traditional value stocks that typically have low price-to-earnings (P/E) and price-to-book (P/B) ratios. But they still can present a great value opportunity. These are known as GARP stocks, or "growth at a reasonable price." Better still, we like GULP — "growth at an unreasonably low price."

A good example is **Intuit** (Nasdaq: INTU), a glamour tech stock in the late 1990s. Shares reached a split-adjusted $45 in January 2000, then fell to $18.85. In March 2005, we recommended it even though the P/E was still 23.8, considerably above the typical value stock. We recommended selling Intuit in October 2006, for an 84% gain.

FALLEN ANGELS

Fallen angels are stocks that have dropped well below their highs due to any number of factors, including being accused of fraud, the subject of a lawsuit, or targeted by the Securities and Exchange Commission. When analyzing these companies, we typically look for a change in upper management or the involvement of an activist investor, such as Bill Ackman of Pershing Square Capital Management, because a company's troubles are often the product of corporate culture that requires change. **UnitedHealth Group**'s (NYSE: UNH) fall as a result of backdating employee stock options is a good example — the company is still performing well, and the CEO has been replaced.

SPECIAL SITUATIONS

We love special situations, such as spinoffs, companies emerging from bankruptcy, and initial public offerings (IPOs). These companies usually provide only pro forma (rather than actual) financial statements for the most recent three years. These numbers often understate the company's situation, and that combined with uncertainty pushes the stock price well below fair value. The key here is to look for good assets, great cash flow, and above all, new management with a reputation for good cash flow practices. *Inside Value* has recommended several special-situation stocks, including **Western Union** (NYSE: WU), a spinoff with uncertainty over its initial debt load and capital expenditures, and **MasterCard** (NYSE: MA), a classic example of a mispriced IPO in which uncertainty about litigation overshadowed the company's strong performance.

STEALTH STOCKS

These companies usually fall in the lower end of mid-caps and are either out of favor or not well known. These factors often cause the stock to be mispriced because the companies have little or no coverage by traditional Wall Street analysts and have been abandoned by institutional investment managers. They are frequently among the leaders in mundane industries — the antithesis of glamour stocks. Past *Inside Value* recommendations **Masonite** (a door maker) and **GTech** (a lottery operator) fit that mold.

FOOLISH BOTTOM LINE

In a society in which instant gratification is the norm, it's not surprising that many investors chase hot stocks in an effort to get rich quickly. At *Inside Value*, we wouldn't mind getting rich quickly, but our experience teaches us that in practice, few are lucky enough to achieve that, and the majority of those who try end up seriously underperforming the market. The value investing path was blazed by investing giants like Benjamin Graham and Warren Buffett, and although we can't promise riches overnight, we're certain this is the best course to achieve financial wealth.

Meet the *Million Dollar Portfolio* team!

Get to know the Foolish analysts who'll be working their tails off day in and day out to make sure you know *which* Motley Fool stocks to buy… *how much*… *when* to do so… and *why* now is the perfect time to purchase! Not to mention always keeping you up to the minute on how you should be diversifying your investment capital across the *Million Dollar Portfolio*, regardless of whether you have a few thousand dollars… or a few billion!

MATTHEW ARGERSINGER

Lead Advisor

Matthew Argersinger is the lead advisor for *Million Dollar Portfolio*. Matt joined the Fool in 2008 and was a member of the company's first Analyst Development Program (ADP). His initial assignment was *Stock Advisor*, where he worked for nearly two years under David Gardner. Since then he's worked on the Fool's *Alpha*, *Big Short*, and *Rule Breakers* services, and is also the portfolio lead for the Odyssey 1 mission in *Supernova*.

Matt earned a degree in economics and finance from Brandeis University. After graduating, he crunched numbers at the U.S. Bureau of Economic Analysis for a few years, while spending most of his spare time perusing the Fool's discussion boards – before ultimately being accepted into the ADP program.

He lives in Washington, D.C., with his wife, Jean, and loves traveling, skiing, soccer, mountain climbing, and playing video games.

BRYAN WHITE

Director of Research

Bryan White is the director of research for *Million Dollar Portfolio*. He joined the Fool's first Analyst Development Program in 2008, and shortly after joined *Stock Advisor* where he worked as an analyst for four years. In 2012, he joined Motley Fool co-founder and CEO Tom Gardner's hand-picked team as a senior analyst on *Motley Fool ONE*.

Bryan has been a student of investing for more than a decade — although he never thought it would actually surpass sports as his No. 1 passion. He doesn't like to be labeled as a value or growth investor, as he enjoys the freedom to go anywhere for investment ideas.

Before coming to the Fool, Bryan was a small-business owner for three years, saving every dime he could to invest. He was a longtime Fool before coming to work at the company. Once we told him he could research stock ideas all day and get paid for it, we couldn't get rid of him.

JASON MOSER

Specializes in Stock Advisor: *Tom's side of the scorecard and* Hidden Gems

Born and raised in Charleston, South Carolina, Jason Moser learned about investing (and golf) at a young age thanks to his father, which ultimately led him to study economics at Wofford College in Spartanburg, South Carolina. After graduating in 1995, he pursued a life of golf as a PGA club professional in South Carolina and Maryland for seven years before deciding to transition into work as a loan officer with Bank of America.

Thanks to his wife's job with the State Department, the couple then spent five years abroad working at the U.S. embassies in Cairo, Egypt, and Astana, Kazakhstan, and it was one fateful day in Kazakhstan that Jason first discovered The Motley Fool. He knew immediately he was hooked.

Once back in the states at their home in Georgia, Jason worked with Travelers Insurance before landing his dream job with The Fool more than five years ago, and he and his wife and two daughters moved up to Fairfax, Virginia, where they reside today.

While honing his investing chops early on in successfully completing the Fool's own Analyst Development Program, Jason has worked on services including *Inside Value* and *Stock Advisor*, and alongside Motley Fool co-founder and CEO Tom Gardner as a senior analyst in *Motley Fool ONE*. In addition to his work on *Million Dollar Portfolio*, he is also a contributor to *Supernova*'s Explorer Mission.

Specializes in Stock Advisor: *David's side of the scorecard and* Rule Breakers

Simon Erickson first discovered the Fool as a member of *Stock Advisor* and was previously a contributor to the Motley Fool Blog Network.

He officially joined the Fool as part of the 2013 Analyst Development Program, and now works on *Million Dollar Portfolio*, as well as alongside Motley Fool co-founder David Gardner in both *Rule Breakers* and *Supernova*.

Simon is a growth-style investor with a particular interest in disruption. He is on the prowl to find the breakers of the status quo that could become the biggest winners of tomorrow. Specifically, he looks for innovative business models, visionary leadership, and large markets rapidly adopting change.

Before working at the Fool, Simon worked for two of the Fortune 10: as a specialty chemicals account manager for GE and as an alternative energy analyst for Chevron. He earned a B.S. in chemical engineering from the University of Texas and an MBA in entrepreneurship from Rice University.

Simon has made appearances on CNN and WRKO. He loves to travel with his wife, and has a bucket list to see all Seven Wonders of the World. Though it's perhaps not yet recognized by the media, he still counts Fool HQ as one of them.

PAUL CHI

Specializes in Inside Value *and* Income Investor

Paul Chi became interested in the stock market after reading Joseph Piotroski's paper on using financial statements to deliver market-beating returns. The idea of using numbers to beat the market was fascinating. Paul then spent a lot of time on Motley Fool CAPS, learning about stocks and industries from the community and eventually taking the No. 1 spot.

Paul earned his bachelor's degree in electrical engineering from Johns Hopkins University and worked in the steel industry afterwards. After just a few years, he was spending all of his free time researching stocks — and realized he was in the wrong field. He applied to the Analyst Development Program at the Fool in 2010 and has been a full-time Fool ever since.

In his earlier years with the Fool, Paul worked on *Motley Fool Alpha* and *Big Short*, as well as on *Duke Street*, the predecessor to *Motley Fool ONE*. In addition to working on the *Million Dollar Portfolio* team, Paul works on *Income Investor* and *Supernova*'s Odyssey 1 mission (alongside Motley Fool co-founder David Gardner). He enjoys all types of stocks, from big dividend payers to fast-growing companies.

Thank you for taking the time to read this guidebook, and thank you for your interest in *MDP*! We'd love to welcome you as a brand-new member, so please keep an eye on your inbox for an invitation in the very near future.

In the meantime, please just click here to head back to our MDP Exchange mini-site to learn more about our five feeder services, as well discover our five "Best Buys Now" out of all 716 stock picks that make up those five services.

I hope to see you there,

Matt Argersinger
Lead Advisor
Motley Fool Million Dollar Portfolio

John Mackey, co-CEO of Whole Foods Market, is a member of The Motley Fool's board of directors. Andy Cross owns shares of Berkshire Hathaway (B Shares), Buffalo Wild Wings, MasterCard, Middleby, Starbucks, and Under Armour (A Shares). David Gardner owns shares of Middleby, Starbucks, Under Armour (A Shares), and Whole Foods Market. Jason Moser owns shares of Berkshire Hathaway (B Shares), Starbucks, Under Armour (A Shares), and Whole Foods Market. Matthew Argersinger owns shares of American Express, Berkshire Hathaway (B Shares), Starbucks, and Whole Foods Market. Matthew Argersinger has the following options: short January 2017 $45 puts on Whole Foods Market. Seth Jayson owns shares of Berkshire Hathaway (B Shares). Simon Erickson owns shares of Berkshire Hathaway (B Shares), Chevron, MasterCard, Under Armour (A Shares), and Whole Foods Market. Tom Gardner owns shares of Buffalo Wild Wings, Intuit, MasterCard, Middleby, Starbucks, and Whole Foods Market. The Motley Fool owns shares of Berkshire Hathaway (B Shares), Buffalo Wild Wings, Chevron, Coca-Cola, General Electric Company, Intuit, MasterCard, Microsoft, Middleby, Starbucks, Under Armour (A Shares), and Whole Foods Market.