



THE MOTLEY FOOL®

To Educate, Amuse & Enrich

Fool's School

Investing 101

You won't get too far with your investing if you haven't absorbed some critical basic concepts. Start with these:

- Time is your greatest ally. If you earn just 8 percent, on average, on your investments, you can increase your wealth nearly sevenfold in 25 years and tenfold in 30 years.
- Know your tolerance for pain. Don't put all your eggs in too few baskets, or in baskets that keep you from being able to sleep at night. Be prepared for some inevitable losses. Expect the market to go up and down from week to week, but up over the long haul.
- Know what you do and don't know. Stay within your circle of competence, and consider expanding it — perhaps studying an industry of interest or learning how to read a balance sheet. (You'll find guidance at www.fool.com/school/basics/basics.htm.)
- Know what your company does. With many high-tech or scientific companies, such as Pfizer, Cisco Systems or General

Electric, understanding all they do is easier said than done. You must know your company's products or services, and how it stacks up against competitors. Otherwise, it's very hard to evaluate future prospects.

- Know your company's market capitalization (its total share count times its current price per share). Having a sense of its size permits you to gauge how big a business it is in relation to competitors. Wal-Mart's market cap is more than \$200 billion, while Sears and Target are each less than \$20 billion.
- Study your company's financial statements. For example, assess its sales and earnings growth rates. Check out its cash and debt situation. Make sure accounts receivable (money owed the company) and inventory aren't growing faster than sales, as that suggests things are getting out of control.
- Assess the reliability of your company's profits well into the future. Does it have sustainable competitive advantages, or will low barriers to entry permit newcomers to quickly set up shop and compete? ■



My Dumbest Investment

Biscuits Aren't Enough

I've been interested in stocks ever since I was a kid. The first stock I ever bought (at age 12) was a restaurant chain. I bought it (through my parents) because I liked its biscuits and because it seemed like new units were popping up everywhere. Well, I got lucky — my initial investment doubled within a year or so. I got complacent and didn't pay attention (I was in middle school, after all), and the next thing I knew, it was trading below a dollar and shortly thereafter went out of business entirely. I learned a couple of important lessons: (1) Good products (such as biscuits) don't necessarily make good companies or good stocks. (2) You must always be vigilant over your investments. Although you may have a profit today, that doesn't mean you can't be broke tomorrow.

— T.L., online

The Fool Responds: Amen. You were fortunate to learn so much while still young. Other young people might want to read our "Motley Fool Investment Guide for Teens" by David and Tom Gardner with Selena Maranjian (Fireside, \$15). ■



Do you have an embarrassing lesson learned the hard way? Boil it down to 100 words (or less) and send it to *The Motley Fool* c/o *My Dumbest Investment*. Got one that worked? Submit to *My Smartest Investment*. If we print yours, you'll win a Fool's cap!

Last week's trivia answer

In 1894, my founder accidentally created a wheat flake. In 1906, he began selling toasted flakes made of corn in Battle Creek, Mich. In 1916, I launched an all-bran cereal, and in 1928 I gave the world a little snap, crackle and pop. My rooster, named Cornelius, debuted in 1953, followed by a feline named Tony in 1958. I rake in nearly \$12 billion annually. My brand names include Pop-Tarts, Froot Loops, Eggo, Cheez-It, Gardenburger, Nutri-Grain, Smart Start, Kashi and Morningstar Farms. In 2001, I bought a company whose elves live in a tree and make cookies and crackers. Who am I? ■

(Answer: Kellogg)



Write to Us! Send questions for *Ask the Fool*, *Dumbest* (or *Smartest*) *Investments* (up to 100 words), and your *Trivia* entries to Fool@fool.com or via regular mail c/o this newspaper, attn: *The Motley Fool*. Sorry, we can't provide individual financial advice.

What Is This Thing Called The Motley Fool?

Remember Shakespeare? Remember "As You Like It"? In Elizabethan days, Fools were the only people who could get away with telling the truth to the King or Queen. The Motley Fool tells the truth about investing, and hopes you'll laugh all the way to the bank.

Ask the Fool

The Board of Directors

Q How can I find out who's on a company's board of directors?

— V.E., Amarillo, Texas

A You can often find a list of a company's board members on its Web site. Look for links labeled something like "company information," "about us," "investor relations" or "corporate governance." You can also just call the company's investor relations department and ask.

Most annual reports will list the members of the board, often with a glossy color photo of the gang. Another option is to check out the reports that the company files with the Securities and Exchange Commission (SEC). The annual 10-K report is your best bet, and you can dig that up at <http://caps.fool.com>. It's a long and informative document.

Q What are these "catalysts" that stock analysts refer to?

— H.R., Lafayette, Ind.

A A catalyst is a factor or event that will prompt a change in a stock's value. Consider that it's best to invest in stocks trading below their fair value, as they should eventually catch up. But when and why will they do so? When analyzing a potential investment, it can be useful to figure out what catalyst(s) there are and when they might materialize, as the catalysts will help the stock become fully valued.

A catalyst for a pharmaceutical company could be Food and Drug Administration (FDA) approval of a promising new drug. One for a software company might be Microsoft's release of a major new operating system. For a manufacturer, an effective catalyst might be the introduction of an exciting new product. The end of a recession or a housing boom can also be a catalyst. Many stock analysts look for catalysts, and we investors can, too.

Got a question for the Fool? Send it in — see *Write to Us*. ■

Name That Company

Based in Pennsylvania, I'm one of America's leading food and beverage companies and the largest processor and distributor of milk and other dairy products. Through my WhiteWave Foods division, I'm also the nation's leading manufacturer of soy milk, organic milk and other organic foods, operating more than 100 plants in the United States and employing more than 26,000 people. My brands include Silk soy milk, Tofu Town, Horizon



Organic and International Delight creamers. My products are also sold under more than 50 familiar local and regional brands and a wide array of private labels. Who am I?

Know the answer? Send it to us with *Foolish Trivia* on the top and you'll be entered into a drawing for a nifty prize! ■

The Motley Fool Take

CarMax Pulls Out of a Tailspin

When used-car retailer CarMax (NYSE: KMX) reported its fourth-quarter earnings, featuring profits down 10 percent from 2006 levels, the stock rose. (The earnings drop was blamed on the company's CarMax Auto Finance unit, which lost \$1 million last quarter.)

So what's going on? Well, CarMax has decided to sacrifice profit margins for now, to secure sales and steal market share from rivals. So if you're investing for the long haul with CarMax, you need to focus less on profits and more on whether CarMax achieves its twin goals of growing sales and share.

Here, then, are the reasons that CarMax's share price deserves its recent upshift: CEO

Tom Folliard says that sales were "stronger than we anticipated" on consumer traffic described as "healthy." Having promised a 2 percent rise for the year, CarMax in fact delivered 3 percent growth for both the fourth quarter of 2007 and the year. And in case any doubts remain as to what that means, Folliard assured us that CarMax "continued to gain market share in the late-model used-vehicle market."

CarMax does seem headed in the right direction, so you might want to keep an eye on it. Bullish investors are in good company: Warren Buffett's company owns a big slug of CarMax stock, and our own Motley Fool Inside Value newsletter service has recommended it, as well. ■

BUSINESS BRIEFS

Commercial real estate

The Sands Commercial Group at VIP Commercial TCN Worldwide announced the following transaction:

Somero Enterprises, Inc. has signed a five-year lease with Wiles and Wiles Investments, LLC on a newly constructed 19,450 square-foot tilt wall warehouse located at 16831 Link Court, Fort Myers. Shawn Stoneburner and Gary Tasman of Cushman & Wakefield represented the tenant. Paul Sands and Michael Doyle, CCIM of VIP Commercial/TCN Worldwide represented the Landlord.

RE/MAX Realty Group, Commercial Division announced the following commercial transaction:

Naples 9, LLC has purchased the Bank of Florida office condominium containing 30,268+ SF at 1185 Immokalee Road, Naples, from Citizens Reserve, LLC for \$11,500,000. Bank of Florida will remain in the building on a long-term lease. Michael J. Frye, CCIM, of RE/MAX Realty Group Commercial Division negotiated the transaction.

McGarvey Development announced the following commercial transaction:

McGarvey Development has leased 57,000 square feet of office space at the Eastlinks Business Park to Comcast for its new area headquarters. The Eastlinks Business Park is located in the Gateway area of south Fort Myers. The new facility will house Comcast's administrative, customer

service, sales and marketing, commercial development and dispatch operations.

Commercial construction

Belden-Morse Construction, Inc. has recently completed construction of Jandik Dental Center in Fort Myers. Dr. Kenneth A. Jandik contracted to construct a 5,389 square foot office building. The 3,079 square feet which his periodontics and implants practice occupies, features a large reception, six operatories, patient consult room, employee lounge, doctors and administrative offices. The remaining 2,310 square feet is for lease office space. Scott Mcanany was the project manager. Paul Krackhardt was superintendent, and Michael D. Seamans project administra-

tor. The facility was designed by Moore & Spence Architects.

Stevens Construction Inc. has started construction on the Florida Hospital Heartland Division Emergency Room announced Mark Stevens, company president. Designed by Burt Hill/Pollock Kreig Architects Inc., the 5,350-square-foot renovation will be completed in three phases while the Sebring hospital remains in operation. Renovations include a pharmacy remodel, addition of a nurse's station and the reconfiguring of the emergency and treatment rooms. Terry Tjelmeland of Stevens Construction is the project manager, Mike Bussiere is the superintendent, and Jackie Barnett is the project administrator. ■