**Cincinnati Model Investment Club Minutes**

West Chester Mid-Point Library – July 16, 2016

**Call to Order:** Presiding Partner Craig Jacobson called the meeting to order at 9:45 AM. ***Guests on webinar:*** Dan Kuhl (friend of Marty’s), Mike Higgins, Linda Miller, ***Guests in person:*** Gregg Hopkins, Trey Nieman

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **Here** | **Proxy** | **Name** | **Here** | **Proxy** |
| Jackie Koski | X |  | Harrison Baumbaugh | web |  |
| Ian Barnes | web | (Marty) | Mary Thomas | X |  |
| Betsy Eller, Financial Partner | X |  | Cliff Turrell | X |  |
| Craig Jacobsen, Presiding Partner | X |  | Larry Averbeck | web | (Marty) |
| Marty Eckerle | web |  | Mike Griffin | X |  |
| Gerry Geverdt | X |  | Frank Bicknell | X |  |
| Dene Alden | X |  | Michele Grinoch | X |  |
| Scott Wallick |  |  | Kate Lester |  | Dene |
| Latisha Douglas | X |  | Rochelle Bankhead | X | (Jackie) |
| Richard Alden | X |  |  |  |  |

Note: Parentheses denote provisional presence or proxies should members not be present for the full meeting

**Recording Partner’s Report:** Minutes for June meeting were approved without changes.

**Financial Partner’s Report:**

* $4,923.64 to invest. Betsy reported that the split of Danaher (DHR) into two entities, Danaher and Fortive (FTV), appeared on the valuation report but the determination of basis cost was unclear. Michele provided a link to a site which should resolve the issue. The club audit by Betsy, Cliff, Gerry, and Mike was completed on July 7. No issues were reported.

**Announcements:**

* Craig noted that the August BI magazine featured LKQ, Gilead, and Stericycle, stocks of current interest to the club.
* Craig noted that the Wall Street Journal recently featured Dene Alden, club and BI Chapter board member, in an article about the impact the Brexit vote had on stock purchase decisions.

**Old Business:** (none)

**New Business:**

* Scott Wallick tendered his resignation by email as he will relocating back to Seattle by the end of the summer. His share valuation, currently estimated at $7,150, will be determined by Betsy’s report prior to the August meeting and will be the basis for his payout. Depending on this valuation and member interest in purchasing all or a portion of Scott’s shares, the club may have to sell shares to raise the cash.
* Michele agreed to follow FFIV, Scott’s former assignment.
* Given the split of Danaher, Harrison elected to follow the combined Danaher/Fortive pair. Latisha agreed to follow Biogen (BIIB), another of Harrison’s stocks.
* Rochelle will follow Michael Kors (KORS)

**Education:** Michele presented a screening tool taken from the NAIC Investor’s Manual called “Nicholson’s Triple Play”. Recently referred to by Ken Kavula, the tool requires a review of new Value Line reports for three stock criteria: 1) future five year total return greater than 10%, 2) projected PE greater than current PE, and 3) future net margin greater than current net margin. Applying this screen, Michele sifted through 264 companies, found 31 that met the criteria, then used a quick visual check in the online SSG Plus tool to select six that had relatively up/straight/parallel lines: RJF, SCHW, AMTD, TXT, URI, and WAB. Mary had presented WAB at a prior meeting and we checked URI and TXT as possible stocks of interest. In all cases, the screen should be followed by a detailed SSG If the current price is lower than the Value Line report, this is referred to as ‘home run’. Applying these criteria in real time, Jackie declared AAPL a triple play.

**New Stock Presentation:**

* Craig presented Air Methods (AIRM), the largest US provider of air medical services and a major air tour operator. Using a variety of sources (VL, BI member sentiment, MI, Morningstar, IAS), he revised his growth estimate to 9/9% vs. much frothier estimates from analysts. AIRM maintains a large fleet of helicopters for both medical and tour purposes, does its own maintenance and fitting of medical equipment, and is expected to continue growth from operations and acquisitions. Although insurance companies negotiate lower payments from published rates and are notorious slow payers, growth in business is expected to come from an aging population and continued improvements in operating margins. This stock doesn’t fit neatly into a sector/industry classification – some sources regard it as an industrial/airports operation, others as a medical/services stock. With 80% of its business in air medical services, the latter category would seem appropriate. Craig recommended a limit buy for the club.
* Gerry updated his following of Skyworks (SWKS), noting that the cell phone market is maturing, the Chinese will increasingly buy products from their own, not US companies, and that SKWS has 80% of their market for cell phone-specific products. The stock price has been in decline and it will take time to develop new products to contribute to growth. The club’s SWKS holdings are down 21% but VL and MI both like it. Gerry recommended a sell but members were reluctant to lock in a loss.

**Portfolio Review:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Stock FYE** | **Watcher** | **Watcher Recommends** | **SSG Says** | **Cost Basis** | **Next Earnings** |
| AAPL 9/30 | Jackie | HOLD | BUY | $111.12 | 6/23-29 |
| BIIB 12/31 | Harrison | HOLD | BUY | $270.00 | 7/22-26 |
| CHRW 12/31 | Larry | HOLD | BUY | $57.66 | 7/27-31 |
| CASY 4/30 | Cliff | HOLD | HOLD | $86.96 | 9/6-12 |
| CERN 12/31 | Gerry | HOLD | BUY | $51.78 | 8/2-8 |
| CTSH 12/31 | Mike | HOLD | BUY | $46.46 | 8/4-10 |
| DHR 12/31 | Harrison | HOLD | HOLD | $45.07 | 7/21-25 |
| FFIV 9/30 | Scott | HOLD possible buyout | HOLD | $109.69 | 7/16-20 |
| FAST 12/31 | Rich | HOLD | BUY | $41.80 | 7/9-13 |
| FTV | Harrison | HOLD | HOLD | tbd | tbd |
| GILD 12/31 | Kate | HOLD | BUY | $113.53 | 7/30 |
| LKQ 12/31 | Frank | HOLD | BUY | $27.15 | 7/29-8/3 |
| KORS 4/2 | Rochelle | HOLD | HOLD | $51.03 | 8/4-8 |
| NVO 12/31 | Ian | HOLD | HOLD | $35.14 | n/a |
| PII 12/31 | Dene | BUY | BUY | $118.84 | 7/20-25 |
| SBNY 12/31 | Craig | HOLD | BUY | $144.53 | 7/19-25 |
| SLB 12/31 | Mary | HOLD | HOLD | $75.81 | 7/16 |
| SWKS 9/30 | Gerry | SELL | HOLD | $84.95 | 7/22-27 |
| TROW 12/31 | Ian | HOLD | BUY | $80.11 | 7/23 |

Note: watchers will be updated next month

**Future Education Schedule:**

|  |  |  |
| --- | --- | --- |
| August | Harrison | tbd |
| September | Jackie | tbd |
|  |  |  |

**Future Stock Presentation Schedule:**

|  |  |  |
| --- | --- | --- |
| August | Marty | tbd |
| September | tbd | tbd |
|  |  |  |

**Buy/Sell Decisions:**

* Craig/Cliff: buy 25sh of AIRM at $35/sh (limit), passed 13/4/0
* Dene/Rich: buy 15 sh of PII at window, passed 11/6/0
* Gerry/Mary: sell all 100sh of SWKS at window, failed 6/11/0

**Next Meeting:** Mid-month meeting Aug 6 in library board room; next regular meeting: Aug 17 in Room C

**Adjourned:** by Craig at 11.39a

Submitted for review by Rich Alden, recording partner.