**Cincinnati Model Investment Club Minutes**

West Chester Mid-Pointe Library – August 20, 2016

**Call to Order:** Co-Presiding Partner Dene Alden called the meeting to order at 9:45 AM. ***Guests on webinar:*** Mike Higgins, Linda Margolis, ***Guests in person:*** Greg Hopkins

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

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

**Recording Partner’s Report:** Minutes for July meeting were approved.

**Financial Partner’s Report:**

* Cash balance of $4,143.87; however, we need to pay Scott's withdrawal $7,303.39 prior to next month's meeting and need $3,159.42 to fund the payment.
* Financial Partner’s Report will be filed for audit.

**Announcements:**

* The BI OKI Chapter will present a fall educational event at the library on October 29 featuring guest speakers Ken Kavula and Mark Robertson. There is no cost, lunch will be provided, and RSVPs are requested. The draft announcement directed registrees to contact Sharon Lindquist Skelley but Marty thought EventBrite might provide a free listing.

**Old Business:**

* Scott Wallick’s departure cannot be funded with available cash and no one volunteered to buy his shares. Stocks will have to be sold for the payout.

**New Business:**

* Michele had sent an email noting that the club’s portfolio had underperformed the Vanguard S&P Index Fund (VFINX) for the last five years. The ensuing spirited discussion covered the primary intent of BI - education vs. making money, setting automatic buy/sell criteria (difficult during turbulent times), and personal portfolios vs. CinMIC’s. Although the issue raised awareness of individual stock performance, no specific changes could be identified.

**Education:**

* Harrison presented “Revisiting Morningstar Wide Moat Stocks”. The short definition is ‘the likeliness of a company maintaining a competitive edge for an extended period’. Moat evaluation is influenced by five major factors: 1. Network effect – the value of a company’s service expanding as more people use the service, 2. Intangible Assets – patents, licenses, IP, 3. Cost Advantage – in-house manufacturing, strategic partnerships, 4. Switching Costs, and 5. Efficient Scale – a niche market served by one or a few companies. Morningstar is the major source of moat ratings but their method is complex and nuanced. Moat ratings are one component of a stock analysis, combined with other evaluation criteria. Gerry noted that companies that manufacture internationally frequent lose their moat due to technology transfer, especially in China.

**New Stock Presentation:**

* Marty: ~~Hain Celestial (HAIN)~~ Greene County Bank Co. (GCBC) Marty was originally going to present HAIN but changed course when HAIN announced a restatement of earnings and accounting changes earlier in the week. Greene county Bank is a small upstate NY bank showing recent strong growth. Using 9/9% sales/earnings on his SSG, Marty had GCBC in the BUY range. The club already holds SBNY and although GCBC is of interest, it was decided to add it to the watch list for further study.

**Selected Stock Review:**

* Ian reviewed the performance of TROW, noting that their target date funds were performing well. Other fund providers offer index funds and ETFs, much more efficient investment vehicles than the managed funds in which TROW specializes. A call to TROW’s investor line revealed that they had no plans to offer ETFs or index funds calling into question the club’s future ownership of TROW.

**Portfolio Review:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Stock FYE** | **Watcher** | **Watcher Recommends** | **SSG Says**  | **Cost Basis**  | **Next Earnings** |
| AAPL 9/30 | Jackie | HOLD | BUY | $111.12 | 6/23-29 |
| AIRM 12/31 | Craig | BUY | BUY | $35.11 | 11/3-7 |
| BIIB 12/31 | Latisha |  |  | $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 | BUY | BUY | $51.78 | 8/2-8 |
| CTSH 12/31 | Mike | HOLD | HOLD | $46.46 | 8/4-10 |
| DHR 12/31 | Harrison | HOLD | HOLD | $45.07 | 7/21-25 |
| FFIV 9/30 | Michele | SELL | 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 | HOLD | $27.15 | 7/29-8/3 |
| KORS 4/2 | Rochelle |  |  | $51.03 | 8/4-8 |
| NVO 12/31 | Ian | BUY | BUY | $35.14 | n/a |
| PII 12/31 | Dene | BUY | BUY | $118.84 | 7/20-25 |
| SBNY 12/31 | Craig | BUY | BUY | $144.53 | 7/19-25 |
| SLB 12/31 | Mary | HOLD | HOLD | $75.81 | 7/16 |
| SWKS 9/30 | Gerry | HOLD | HOLD | $84.95 | 7/22-27 |
| TROW 12/31 | Ian | HOLD | BUY | $80.11 | 7/23 |

Note: No reports or proxies were received from Latisha and Rochelle

**Future Education Schedule:**

|  |  |  |
| --- | --- | --- |
| September | Jackie Koski | tbd |
| October | Mary Thomas | tbd |
| November | Gerry Geverdt | tbd |

**Future Stock Presentation Schedule:**

|  |  |  |
| --- | --- | --- |
| September | Greg Hopkins (new member) | tbd |
| October | Cliff Turrell | tbd |
| November | Kate Lester | tbd |

**Buy/Sell Decisions:**

* Michele/Gerry: sell all 60sh of FFIV at window, 16/0/0, passed
* Kate/Michele: sell all 160sh of TROW @window, 16/0/0, passed
* Jackie/Kate: buy 25sh of AAPL @window, 14/2/0, passed
* Craig/Marty: buy 25sh of AIRM @window, 16/0/0, passed
* Dene/Marty: buy 25sh of NVO @window, 16/0/0, passed

**Next Meeting:** Mid-month meeting: Sep 3 in library board room; next regular meeting: Sep 17 in Room C

**Adjourned:** by Dene at 11.35a

**Post-Adjournment Discussion:** Some members who regularly attend the post-meeting luncheon expressed a desire for a venue other than Bob Evans. It was suggested that we solicit alternatives, e.g., Applebee’s, Alladin’s, Smokey Bones, and come up with alternatives beforehand. It was also suggested that we take a roll call of potential luncheon attendees at the start of the meeting and notify the restaurant that we would have a group of 8-10 at 12:00p, to avoid a wait. Comments welcome. Google “restaurants west chester, oh” as a starting place to look for alternatives.

Submitted for review by Rich Alden, recording partner.