**Cincinnati Model Investment Club Minutes**

West Chester Mid-Pointe Library – August 19, 2017

**Call to Order:** Presiding Partner Dene Alden called the meeting to order at 9:45AM. ***Guests on webinar:*** Henrietta Goulsby; ***Guests in person:*** Gene Lett

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **Here** | **Proxy** | **Name** | **Here** | **Proxy** |
| Jackie Koski | X |  | Harrison Baumbaugh | --- | Rich |
| Ian Barnes, Education Partner | web | (Marty) | Mary Thomas | X |  |
| Betsy Eller, Financial Partner | --- | Michele | Gregg Hopkins | X |  |
| Craig Jacobsen | X |  | Latisha Douglas | web | (Jackie) |
| Marty Eckerle | web |  | Frank Bicknell | X | (Rich) |
| Gerry Geverdt | X |  | Michele Grinoch | X | (Dene) |
| Dene Alden | X |  | Kate Lester | --- | Dene |
| Richard Alden, Recording Partner | X |  | Nelson Page | --- | Dene |
|  |  |  |  |  |  |

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

**Recording Partner’s Report:** Minutes of the July 15 meeting were approved and have been posted.

**Financial Partner’s Report:**

* Current cash: $2,744.38. The July report was filed for audit without changes. The $0.07 discrepancy has been identified and corrected.

**Announcements:**

* Classes and webinars: see BetterInvesting Magazine “ONLINE” section opposite CONTENTS or visit web site under Events. Stock Up: “Finding Stocks That Deliver” on 9/13; Ticker Talk on 9/20

**Old Business:**

* CinMIC 15 year Anniversary, Committee report, Latisha, Jackie, Oct 21
* Latisha made reservations at SmoQ in Springdale and Olive Garden on Rte. 4. SmoQ has a separate seating area for 18 and is located near Papadeaux. Olive Garden does not have a separate seating area. Both have an automatic 18% gratuity. One or the other reservation will be cancelled when a venue has been selected.
* Jackie has received a handful of member quotes about their ‘investing words of wisdom’ and would like all submissions in her hands by the end of August so she can prepare a commemorative handout piece. Please submit your comments promptly, 140 char. or less.

**New Business:**

* Resignation of Larry Averbeck on July 26, approximate partnership value is $12,000. Larry’s payout will be determined by the September valuation, with the payment being made within 30 days thereafter.
* Dene suggested that the Education segment be limited to 15 minutes and focused more on BI topics in order to provide more time for portfolio review.
* Mid-month Meeting Study: Craig volunteered to head a committee including Marty as co-chair and a rotating club member to review and improve our portfolio. Objectives were mentioned:
  + Members would review Marty’s periodic portfolio spreadsheet, review each stock, and recommend action. Note: we must raise money for Larry’s payout and must have initial recommendations in place by the September 16 regular meeting.
  + Most clubs have a pre-screened list of stocks to study from which members can select a candidate. It was suggested that CinMIC take a similar approach.
  + We need to take a more active approach to portfolio management rather than a simple buy-and-hold.

**Education:** Gregory Hopkins: “Red Flags on the SSG”, an Ann Cuneaz/BINC presentation

* The SSG should provide 80% of the guidance in an investment decision but the remaining 20% is very important
* Check Value Line’s Financial Strength indicator (higher is better, B+ is average) and Interest Coverage (2:1 or better). High debt may not be bad if the interest coverage is adequate.
* Check the balance sheet for
  + Receivables - in line with sales growth?
  + Inventory - raw vs. finished goods, in line with sales growth?
  + Current Ratio – (current assets) / (current liabilities), should be 2:1 or higher
  + Good Will - intellectual property, intangible assets and other good will assets are often a result of acquisitions and may have to be written down
* Read the footnotes for related party transactions
* Follow the news for recent changes
* News after a big price drop

**New Stock Presentation:** Craig Jacobson presented Apogee Enterprises, Inc. (APOG)

* Manufacturers and installers of architectural glass, framing, and services
* Value Line recently raised the Building Materials industry rating significantly and mentioned Apogee
* Organic growth plus acquisitions; 15 manufacturing sites in the US, 8 in Canada, 1 in Brazil
* Cyclical industry – dependent on building trends, material supply, and general economic conditions
* SSG adjusted live but yielded a BUY indication
* Craig’s presentation will appear in the October First Cut issue

**Portfolio Review:**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Stock** | **Symbol** | **Watcher** | **Watcher: Buy/Hold/Sell** | **SSG: Buy/Hold/Sell** | **Report posted on:** | **# of Shares** | **% of Portfolio** | **Year End** | **Next Earnings Report:** |
| Apple | AAPL | Jackie | HOLD | HOLD | 8/13 | 95 | 10 | Sep. | 07-24 |
| C. H. Robinson | CHRW | (Dene) | HOLD | HOLD | 8/18 | 185 | 8.6 | Dec | 07-19 |
| Cerner | CERN | Gregory | HOLD | HOLD | 8/14 | 60 | 2.8 | Dec | 08-01 |
| Cognizant | CTSH | Craig | HOLD | BUY | 8/07 | 200 | 9.9 | Dec | 08-04 |
| CVS Health | CVS | Latisha | n/a | n/a | n/a | 110 | 6.2 | Dec | 08-10 |
| Danaher | DHR | Harrison | HOLD | HOLD | 8/09 | 110 | 6.4 | Dec | 07-20 |
| Fastenal | FAST | Rich | HOLD | HOLD | 8/12 | 200 | 6.1 | Dec | Reported |
| Gilead | GILD | Kate | HOLD | HOLD | 8/15 | 105 | 5.7 | Dec | 07-26 |
| LKQ Corp | LKQ | Frank | HOLD | BUY | 8/14 | 375 | 9.2 | Dec | 07-27 |
| Novo Nordisk | NVO | Ian | HOLD | HOLD | 8/16 | 200 | 6.0 | Dec | 08-08 |
| Polaris | PII | Nelson | HOLD | HOLD | 07/20 | 65 | 4.1 | Dec | 07-20 |
| Schlumberger | SLB | Mary | HOLD | BUY | 08/14 | 140 | 6.8 | Dec | 07-21 |
| Signature Bank | SBNY | Craig | HOLD | BUY | 7/19 | 110 | 10.8 | Dec | 07-19 |
| Starbucks | SBUX | Gerry | HOLD | BUY | 8/18 | 100 | 3.8 | Sep | 07-27 |
| Tractor Supply | TSCO | Dene | BUY 10@53 | BUY | 8/10 | 50 | 2.0 | Dec | 07-26 |
|  | **Stocks on “Pounce / Watch List”** | | | | | | | | |
| ULTA | ULTA | Ian | Buy range: 169.5 to 245.70 | | 07-10 |  |  |  |  |

**Portfolio Analysis:** Marty presented his “Close of the Bell” portfolio analysis

* Using Manifest Investing data, the spreadsheet identified stocks in the Sweet Spot, ranked them by PAR, and identified TSCO, CVS, LKQ, and CHRW as Nicholson Triple Plays
* Size diversification shows a large percentage of medium and large companies, with a small slice of small (faster growing) companies represented.
* Watcher recommendations often disagree with their SSGs on a BUY vs. HOLD conclusion

**Future Education Schedule:**

|  |  |  |
| --- | --- | --- |
| September | Latisha Douglas | tbd |
| October | Marty Eckerle | tbd |

**Future Stock Presentation Schedule:**

|  |  |  |
| --- | --- | --- |
| September | Gerry Geverdt | tbd |
| October | Michele Grinoch | tbd |

**Buy/Sell Decisions:** (motion/second: action, type, yes/no/abstain)

* Marty/Craig: buy 20sh of APOG @window, amended to @limit of $45, 13/2/0
* Dene/Marty: buy 10sh of TSCO @limit of $53, 10/5/0

Note: use “chat box” for web votes.

**Next Meeting:** mid-month study group: Sep 2, boardroom; regular meeting: Sep 16 Room C

**Note: The mid-month meeting will be very important as we will be discussing stocks to sell to raise money for Larry’s buyout. All members are encouraged to attend in person or via webinar.**

**Adjourned:** by Dene at 11:57a

Submitted for review by Rich Alden, recording partner.