**Cincinnati Model Investment Club Minutes**

West Chester Mid-Pointe Library – November 18, 2017

**Call to Order:** Presiding Partner Dene Alden called the meeting to order at 9:45a. ***Guests on webinar:*** Sharon Lindquist-Skelly, Henrietta Goolsby, Linda Miller; ***Guests in person:*** Paul Pezzenti, Latoya Jackson, Virginia Purdy

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **Here** | **Proxy** | **Name** | **Here** | **Proxy** |
| Jackie Koski | X |  | Harrison Baumbaugh | --- | Rich |
| Ian Barnes, Education Partner | web |  | Mary Thomas | web |  |
| Betsy Eller, Financial Partner | web |  | Gregg Hopkins | web |  |
| Craig Jacobsen | web |  | Latisha Douglas | web |  |
| Marty Eckerle | web |  | Frank Bicknell  | X |  |
| Gerry Geverdt  | X |  | Michele Grinoch  | X |  |
| Dene Alden. Presiding Partner | X |  | Kate Lester | X |  |
| 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 October 21 meeting were approved as posted.

**Financial Partner’s Report:**

* Current cash: $995.72. The October report was filed for audit without changes.
* There are no limit orders
* Ian Barnes announced his resignation; his current valuation of $4,121.15 is a ballpark for payout. The actual valuation will be determined just prior to the December 16 meeting. And will be paid out in 2017 to simplify accounting.
* Members are requested to audit their own monthly investments for 2017 and notify Betsy of any discrepancies.

**Announcements:** Classes and webinars:

* Classes and webinars: see BetterInvesting Magazine “ONLINE” section opposite CONTENTS or visit the web site under Events.
* “The Roundtable”, “Turn Out Tuesday” and “Investing Topics with Mark and Ken” are sponsored by BI Mid-Michigan. Register for any of them by contacting: nkavula1@comcast.net.
* The OKI Chapter will have a financial literacy event on April 21, 2018 in Dayton at the same hotel as the prior event.
* Check out Stock Up and Ticker Talk on the BI web site

**Old Business:**

* Thank you to Latisha and Jackie for planning the 15th CinMIC Anniversary celebration at Smoq last month

**New Business:**

* Kate Lester and Rich Alden volunteered to be the nominating committee for new officers for next year. Nominees are:
	+ Presiding Partner – Rich Alden
	+ Backup Presiding Partner – Jackie
	+ Financial Partner – Betsy Eller
	+ Backup financial Partner – Marty Eckerle
	+ Recording Partner – Greg Hopkins
	+ Backup Recording Partner – Michele Grinoch
	+ Education Partner – Kate Lester
	+ Members who would like to volunteer for any of these positions or wish to comment are urged to contact Kate or Rich
* Jackie volunteered to get a card for Ian Barnes to thank him for his continued, albeit remote, membership.
* An Audit Committee was formed by Betsy, Marty, and Michele. It will likely be in a webinar format.
* As the year draws to a close members who wish to swap stocks to follow should make their preferences known.
* The last meeting of the year will be December 16 in Room C. Members are asked to bring a potluck brunch dish to share and their own beverage.

**Education:** Kate: Dividends 101

* There are 3,000 stocks that pay dividends. Dividends may be distributed in cash or reinvested in company stock. There may be tax advantages or implications for investors using either method.
* Dividends are viewed as evidence of lower volatility, wealth, prosperity, and transparency.
* Investors should look for a 5+ year history of increasing dividends and an appropriate payout ratio, the fraction of earnings returned to stockholders.
* Investors approaching retirement should look for companies returning 4% or better in the form of dividends to maintain their lifestyle after retirement although needs may vary.
* Dividend problems arise when companies do not have enough cash, have poor management, take excessive risks, accumulate too much debt, have pension liabilities, or expand into non-core businesses.
* The BI SSG+ tool, Value Line, and Morningstar are all good sources of dividend information and screening tools.
* Guidelines on dividend investing can be found in a presentation by John Rogers of the BI Rocky Mountain Chapter dated Feb 8, 2017 in the Stock Up section of the web site.

**New Stock Presentation:** None this month, continuation of the Portfolio Review

**Portfolio Analysis** Craig and Marty reviewed Polaris (PII) and Starbucks (SBUX) this month

* Polaris: Nelson, Craig reported in his absence
	+ PII’s earnings have taken a hit in recent years due to numerous production, quality and recall problems and are unlikely to return to 2015 levels for at least five years.
	+ A recent SSG shows the stock in the HOLD zone with a U/D ratio of 0.9 and A CAR (Sect 5C) of 3.7%.
	+ We already have four stocks in the consumer Discretionary sector – PII, SBUX, TSCO, and LKQ. PII was judged to be the weakest of these.
* Starbucks: Gerry
	+ As SBUX saturates the US market the company is moving from a growth to a dividend model
	+ The price has been in a narrow range in the 2015-2017 period. SSG+ results with 7.5%/11.2% projected revenue and earnings growth rates show a HOLD.
	+ SBUX’ anticipated growth in China and Europe represents a changing business model and it was decided to wait until 1Q18 results are available in Jan 2018 before making a decision.

**Portfolio Review:**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Stock** | **Symbol** | **Watcher** | **Watcher: Buy/Hold/Sell** | **SSG: Buy/Hold/Sell** | **Report posted:** | **# of Shares** | **% of Portfolio** | **Year End** | **Next Earnings Report:** |
| Apogee | APOG | Craig | BUY 25 | Buy | 11-12 | 75 | 2.5 | Dec |  |
| Apple  | AAPL | Jackie | HOLD | HOLD | 11-13 | 95 | 11.8 | Sep. |  |
| C. H. Robinson  | CHRW | Dene | HOLD | HOLD | 11-14 | 150 | 8.4 | Dec |  |
| Cerner  | CERN | Gregory | HOLD | HOLD | 11-10 | 60 | 2.8 | Dec |  |
| Cognizant | CTSH | Michele | HOLD | HOLD | 11-13 | 200 | 10.5 | Dec |  |
| CVS Health | CVS | Latisha | BUY 20sh | BUY | 11-17 | 110 | 5.5 | Dec |  |
| Danaher | DHR | Harrison | HOLD | HOLD |  | 110 | 7.2 | Dec |  |
| Fastenal | FAST | Rich | HOLD | HOLD | 11-09 | 200 | 6.7 | Dec |  |
| Gilead  | GILD | Dene | BUY 10 LIMIT@70 | HOLD | 11-15 | 105 | 5.5 | Dec |  |
| LKQ Corp  | LKQ | Frank | HOLD | HOLD | 11.13 | 375 | 9.9 | Dec |  |
| Polaris | PII | Nelson | HOLD | SELL all | 11-13 | 65 | 5.5 | Dec |  |
| Schlumberger | SLB | Mary | HOLD | BUY | 11-14 | 140 | 6.5 | Dec |  |
| Signature Bank | SBNY | Craig | HOLD | HOLD | 11-13 | 110 | 9.7 | Dec |  |
| Starbucks | SBUX | Gerry | HOLD | HOLD | 11-16 | 100 | 4.0 | Sep |  |
| Tractor Supply | TSCO | Kate | HOLD | Possible BUY | 11-15 | 60 | 2.7 | Dec |  |
|  | **Stocks on “Pounce / Watch List”** |
| ULTA | ULTA | Ian | Buy Range: 176 to 234.1 |  | 0 | 0 | Jan | 12-07 |

**Future Education Schedule:** (tentative, tbd)

|  |  |  |
| --- | --- | --- |
| December | Craig Jacobsen | tbd |
| January | Michele Grinoch | tbd |
| February |  |  |

**Future Stock Presentation Schedule:** (tentative, tbd) Stock Presentations will focus on Portfolio Analysis until all stocks have been reviewed.

|  |  |  |
| --- | --- | --- |
| TBD | Gerry Geverdt | tbd |
| TBD | Michele Grinoch for Frank Bicknell | tbd |

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

* Craig/Marty: sell all 65sh of PII @window, 15/0/0
* Craig/Dene: buy 25sh of APOG @window, 14/1/0
* Marty/Gerry: buy 20sh of CVS @window, 14/1/0
* Gerry/Dene: buy 20sh of SBUX @window, 14/1/0
* Marty/Craig: buy 10sh of TSCO @window, 13/2/0
* Dene/Marty: buy 10sh of GILD @$70/sh Limit, 12/3/0

**Next Meeting:** Mid-month Study Group: Dec 2, Board Room; Regular (holiday) meeting Dec 16, Room C

* The Dec 2, 2017 mid-month portfolio review will cover CTSH and CERN; LKQ, CVS, and AAPL will be covered at the Jan 6, 2018 meeting

**Adjourned:** by Dene at 11:46a

Submitted for review by Rich Alden, recording partner.