**Cincinnati Model Investment Club Minutes**

West Chester Mid-Pointe Library Boardroom – Apr 28, 2018

**Call to Order:** Presiding Partner Richard Alden called the meeting to order at 9:55a. Proxies were noted.

**Guests in Person:** Cheryl Hargett, Phillip Baxman, Doug Geverdt, Henrietta Goolsby; **Guests on webinar:** Dan Kuhl, Linda Margolis

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

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

**Recording Partner’s Report:** Minutes of the Mar 24 meeting were approved as posted.

**Financial Partner’s Report:**

* Current cash: $3,277.42; There are no limit orders
* Financial Partner’s report filed for audit

**Announcements:**

* 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.
* Check out Stock Up and Ticker Talk on the BI web site
* The Better Investing National Convention (BINC) will be held in May 17-20, 2018 in Orlando. Jackie will attend

**Old Business:**

* The OKI Chapter Spring Educational Event on April 21, 2018 featured Ken Kavula and Mark Robertson. Approximately 40 people attended, including the OKI board and CinMIC members Harrison, Gregg, Gerry and Betsy.
* The Money Smart Week presentation at the MidPointe Library on Thu, Apr 26, 2018, 7:00p featured a presentation by Dene on Morningstar’s web site, a real eye-opener for most of us.

**New Business:**

* Latisha Douglas has submitted her resignation. Accepteed as of Apr 28, valuation will be as of the May meeting, paid within 30 days; anyone interested in buying her shares (~$500) should contact Betsy
* New follower for CVS - Dene
* June 16 meeting at the Jacobsens’ – contributions by attendees requested

**Education:** Harrison: Investment Psychology

* Charles McKay “Extraordinary Popular Delusions and the Madness of crowds” - 1840
* First three chapters are important relating to financial decisions
* Five stages of a bubble: Displacement, Boom, Euphoria, Profit Taking, Panic
* “The Tulip Mania” - economic bubbles and the Greater Fool theory – John Maynard Keynes – “The markets can stay irrational longer than you can stay solvent.”
* 1635 Netherlands – rare tulip worth more than 12 Ac of land; 1637 – price collapsed, pricing regarded as gambling
* Bernard Baruch cited this book in the 1929 crash, Harrison recalled the 1000:1 reverse split of Cities Service
* Recent bubbles in minerals, real estate, stocks, 1995-2001 dot com bubble
* 2011-2018 Bitcoin bubble? - could cause systemic problems even if you invest in it or not
* Buffet said in 1984 that markets are not efficient because of herd mentality – prices are as much emotion as reality
* Auto bubble in 2010 - $21B in newly delinquent loans, $1.1T outstanding loans
* 2018 – An everything bubble?, additional bubbles in real estate, corporate credit, stock market, cryptocurrency, and stock indexing
* Bitcoin has large numbers of people, trading a speculative, highly volatile asset, with borrowed money.
* Investors need to understand how much the stock price is determined by fundamentals vs. crowd psychology

**New Stock Presentation:** Gerry: Analog Devices (ADI),

* looked Skyworks, Applied Materials, Digital Devices – technology sector – looked for a stock under $100 that was up/straight/parallel
* Apple developing own processor, moving production of components on-shore; one of the best buys for BIs
* ADI best of the lot – PEG ratio is 30-insanely high
* Gerry’s SSG+: revenue growth-9.9%, earnings-9.4 (analyst est.)
* ADI is being studied by a lot of BI members but margin is eroding – Walmart supplier effect, Apple is a major customer and can squeeze pricing based on volume
* Semiconductor/electronics industry being hurt by Chinese copies of IP
* Online SSG+ during the meeting was inconclusive

**Close of the Bell**: Marty’s report: Six companies are in the BUY zone. APOG, CERN, CVS, FAST, LKQ, SBUX, and TSCO.  This is based on the watcher SSG’s. CVS, SBUX, TSCO and APOG are in the Manifest Sweet Spot and are Nicholson Triple Plays.

**Portfolio Review:**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Stock** | **Symbol** | **Watcher** | **Watcher: Buy/Hold/Sell** | **SSG: Buy/Hold/Sell** | **# of Shares** | **% of Portfolio** | **Year End** |
| Apogee | APOG | Nelson | Hold | Buy | 175 | 5.1 | Dec |
| Apple  | AAPL | Jackie | Hold | Hold | 95 | 10.9 | Sep. |
| C. H. Robinson  | CHRW | Dene | Hold | Hold | 150 | 9.8 | Dec |
| Cerner  | CERN | Gregory | Hold | Buy | 70 | 2.8 | Dec |
| Cognizant | CTSH | Michele | Hold | Hold | 200 | 11.3 | Dec |
| CVS Health | CVS | ~~Latisha~~-Dene | Hold | Buy | 130 | 5.9 | Dec |
| Danaher | DHR | Harrison | Hold | Hold | 110 | 7.7 | Dec |
| Fastenal | FAST | Rich | Hold | Buy | 200 | 7.0 | Dec |
| LKQ Corp  | LKQ | Frank | Hold | Buy | 375 | 9.9 | Dec |
| Schlumberger | SLB | Mary | Hold | Hold | 140 | 6.7 | Dec |
| Signature Bank | SBNY | Craig | Hold | Hold | 110 | 9.9 | Dec |
| Starbucks | SBUX | Gerry | Hold | Buy | 130 | 5.2 | Sep |
| Tractor Supply | TSCO | Kate | Hold | Buy | 130 | 5.4 | Dec |
| Pounce/Watch List |

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

* Dene/Marty: buy 15sh of SBUX @window; 11/3/0 - passed
* Nelson/Dene: buy 15sh TSCO @limit of $65; 11/2/1 - passed
* Marty/Dene: buy 15sh of CVS @window: 7/7/0 - failed

**Next Meeting:**

* Mid-month Study Group: Sat, May 5, on-line; Regular meeting: Sat, May 19, 9:45-11:45AM; Room C

**Education and Stock Presentation Schedule for 2018/2019:** Revised to reflect changes:



**Adjourned:** by Rich at 11:53a

Submitted by Rich Alden, acting recording partner