**Southeastern Michigan BetterInvesting Model Club**

**Meeting Minutes**

**Date:** Saturday, March 18, 2017

**Start Time:** 10:00 AM

**Completion Time:** 12:20 PM

**Location:** Teleconference via GoTo Meeting

[https://www2.gotomeeting.com/join/145688913](https://www2.gotomeeting.com/join/145688913" \t "_blank)

Meeting ID #145688913

**Next Meeting:** Saturday, April 15, 2017

ALL GTM – NO ONE AT BLOOMFIELD TWP. LIBRARY THIS MONTH – Weather related reasons.

**Agenda Items**

**1. Call to Order and Presiding Partner’s Opening Remarks (**Ram Ganapathi)

* Minutes – February minutes reviewed by all, motioned to approve by Jane, seconded by Ram. All in favor.
* Buy / Sell Recommendations [07:30]–

Sell:

BIVV (BIIB spinoff) – Team B

CMG – Team B

Buy:

DY – Team B

ULTA – Team B

TSCO - Chris

* Stockwatcher for CVS / Chris – DY / Jane
* Our next meeting is April 15, 2017

Members in Attendance:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **In Person** | **GTM** | **Name** | **In Person** | **GTM** |
| **Officers:** |  |  | **Members:** |  |  |
| Ram Ganapathi |  | X | Bill Gordon | - |  |
| Joe Bowen | - |  | Pat Deak |  | X |
| Len Douglass |  | X | Curt Cormier |  | X |
| Jane Bellaver |  | X | Deb Brown | - |  |
| Teresa Barr |  | X | Alex Bodea |  | X |
| Cliff Trent |  | X | Jim Barrett |  | X |
|  |  |  | Chris Rolls |  | X |
|  |  |  | Gillian Todd | - |  |
|  |  |  | Sudip Suvedi |  | X |
|  |  |  | Rob Wasilevich |  | X |
|  |  |  |  |  |  |

**3. Treasurer’s Report (Len Douglass) [11:50]**

Financials Update (as of 2/16/17) From BIVIO

|  |  |
| --- | --- |
| * Securities Total * Cash on Hand * Portfolio Value * Unit Value | $ 167,007.59  $ 2,700.78  $ 169,708.37  $ 26.373500 |

* Remember, checks now need to be made out to FOLIOfn Investments, Inc. Also write Account #MB0773900K on the check.
* Purchases in Febuary 2017 – DY & dividend reinvestments for AAPL, SWKS, FAST, Aand V.
* Sales in Febuary 2017 – AAPL
* Spinoff - BIIB / BIVV
* Taxes have been mailed
* 2016 Audit was be completed in February 2017 – Report will be emailed to members or posted on BIVIO. $00.08 difference between Folio statement and BIVIO statement.
* K1’s are available on BIVIO

**3. Education/Discussion**

**4. Stock Watcher Reports (All) – updates**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Company** | **Watcher** | **Last Review Date** | **Recommendation** | **Comments** |
| AAPL | Sudip | 02/2017 | Hold / Sell | All time high 135.72 PAR is 7.0% under sweet spot. Recommend sell ~3.5% to buy a company with higher PAR. |
| AL | Bill | 10/2016 |  |  |
| BIIB | Cliff | 03/2017 | Hold / Sell BIVV | Price dropped briefly afte spinoff of BIVV, but is back to prespinoff price range. Recommend sell BIVV.  Alzheimer drug is in final stages of approval – may produce more revenue.  Of their 3 MS drugs, one is growing two are declining.  Settled lawsuit w/ Forward Pharma $1.25b to protect its best-selling Tecfidera's patent. Q EPS (-20.2%) due to this lawsuit.  **3/18/17** - **Change SSG sales & EPS to 8 & 8. Change PEs to 24.9 & 14.5. Change high / low prices to $619.50 & $223.20. UD 6.1** |
| CMG | Jane | 02/2017 | Sell | SOLD 3/2017 |
| CTSH | Teresa | 01/2017 | Hold | Sales are slowing. Q4 due our Feb 6, 2017 – Estimate $0.86. Q4 guidance - Revenues between $3.45 billion and $3.51 billion-EPS 85 - 88 cents. New presidential administration may create some issues with outsourcing companies and workers here on Visas. |
| CVS | Chris | 03/17 | Hold | VL - losing prescription share to Walgreen’s & management softening EPS guidance. SSG changes for sales & EPS 8 & 8. High & low PEs 20 & 12. High & low prices $143.20 & $59.00. UD 3.1 |
| FAST | Jim | 01/2017 | Hold | Margin shrinking ~ 3% due to loss of sales of fasteners (expected to recover in 2017). 5 year forecast is better than the previous 4 yrs. Good company, good management, industrials just not recovering as quickly as hoped. Competition from Amazon & online companies. No changes to current SSG. |
| GILD | Ram | 02/2017 | Hold / Sell | YoY delclines in S (14.1%) NI (34%) Adj EPS (18.7%), costs are increasing 60%, cash increasing but very slightly. EPS - 4 consecutive Qs decline. Worsening outlook for 2017. Pipeline 28 clinical studies (10 in late stage trials). Op cash flow $16.7 b. Increased divident by 10%. Possibly sell, but price is quite low. |
| LKQ | Chris | 03/2017 | Hold / Buy | Divested OEM portion of Pittsburg Glass this will impact our SSG as a big drop in sales & EPS for the next few quarters.. (VL $750m less revenue). Growth in European acquisions. SSG 12 & 12 for sales & EPS. Change High & low PEs to 22 & 14 (slowing growth). High & low prices to $65.60 & $22.40. UD 4.7 |
| PCLN | Deb | 01/2017 | Hold | EPS drop due to acquisition of Open Table non-cash charge of $941m impairment of Open Table’s Good Will. They will re-forecast L/T financial results on a more measured & deliberate bases. |
| SBNY | Rob | 01/2017 | Hold | Reported Friday – hit record numbers. |
| SRCL | Joe | 02/2017 | Hold | Still settling in from the recent medical waste acquisition. A lot of reguation with pharma waste/processing & equipment. Pirce is up this week 9-9.5%. SSG updates S&E 9.5 & 8.5 & Low PE 21% |
| SWKS | Alex | 01/2017 | Hold | Reported Friday – EPS up 14% - Stock price up $10 / sh. (13%). |
| ULTA | Pat | 03/2017 | Buy | SSG changes for sales & EPS 22 & 23, no changes to PEs 39 & 23.1, High & low prices at $716.00 & $150.60 UD 3.2 |
| V | Curt | 02/2017 | Hold / Buy | SSG Sales - 9% EPS - 11% - Recommend BUY when it drops into the buy range. |
|  |  |  |  |  |

**5. Team Presentation (Team B – Sudip, Pat, Len, Cliff , Ram, Gillian) [00:52]**

**portfolio review and recommendation.**

\* Sell BIVV because of the size of the position and lack of history for the company.  
\* Sell CMG because of the size of the position  
\* Buy ULTA based on the 4Q 2016 earnings reported 3/9/17 and Team B Updated SSG.   
\* Watch CVS to see if Sales and EPS growth continue to exceed expectations.  
\* Watch SRCL to see if Sales and EPS continue to improve.  
\* Buy DY based on 2Q 2017 results even though it is over the 3% threshold we were asked to look at.  
\* Watch SBNY, we are concerned that 4Q 16 data is not in the BI data feed although they reported on Jan

22, 2017.  
\* We discussed GILD and BIIB and recommend a future team review both and see if it makes sense to

consolidate our holdings in that industry in one company.

**6. Buy / Sell**

* See motion table.

**7. New / Old Business**

* Team C / Jane, Jim, Curt, Bill, Alex - is up in April.
* Biotech – GILD, BIIB, CELG, AMGN

**8. Roundtable Discussion and Questions from Visitors**

**Motion Summary Table**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Motioned by** | **Seconded by** | **Vote Result**  **YES NO ABSTAIN** | | |
| Approve February Minutes | Jane | Ram | 10 |  |  |
| Accept LKQ SSG changes | Jane | Len | 10 |  |  |
| Accept CVS SSG changes | Jane | Len? | 10 |  |  |
| Accept BIIB SSG changes | Chris | Ram | 10 |  |  |
| Accept ULTA SSG changes |  |  |  |  |  |
| Motion to sell BIVV | Len | Jane | 9 | 1 |  |
| Motion to sell CMG | Len | Jane | 8 | 2 |  |
| Motion to buy $2800 ULTA | Len | Cliff | 5 | 5 |  |
| Motion to buy $2800 DY | Len | Jane | 5 | 5 |  |
|  |  |  |  |  |  |

**Action / Follow Up Items**

|  |  |  |
| --- | --- | --- |
| **Description** | **Responsible Person** | **Status ETA** |
|  |  |  |
|  |  |  |

**REFERENCE INFO**

**Model Club Dashboard**

<https://www.manifestinvesting.com/dashboards/public/SEMIModClub>

**Team Member Breakdown**

|  |  |  |
| --- | --- | --- |
| **Team A** | **Team B** | **Team C** |
| Joe Bowen | Pat Deak | Jim Barrett |
| Deb Brown | Len Douglass | Jane Bellaver |
| Cliff Trent | Sudip Suvedi | Curt Cormier |
| Teresa Barr | Gillian Todd | Bill Gordon |
| Rob Wasilevich | Chris Rolls | Alex Bodea |
|  | Ram Ganapathi |  |
| **Industry Screener** |  |  |
| Cliff Trent |  |  |

**Note: All Model Club members are encouraged to volunteer and participate in all Model Club activities / studies.**

**Upcoming Meeting and Event Dates**

|  |  |  |
| --- | --- | --- |
| **Meeting / Event Name** | **Date** | **Location** |
| Southeast Michigan Model Club Meeting | 04/15/2017 | Bloomfield Township Public Library |
|  |  |  |