

ONTHEMARK INVESTING CLUB LLC MINUTES OF JULY 11, 2012

The monthly meeting of the ONTHEMARK Investing Club took place via web cast on July 11th, 2012 at 7:00 p.m. Members present were: Linda Bates, Mark Bates, Mike Bates, Sue Bates, Cindy Creasy, Mike McCarl, Dan Miley, and Ed Spyhalski. Absent were Kevin Boggs, Joe Kipp, Tony Kern, Roger Kobel, Bill Lupone, Pavel Matskevich and Steve Newsome. Guest Tom Fitzgerald also attended the meeting.

Welcome

Mark Bates welcomed everyone to the meeting and the roll was taken.

Review of Last Meeting

Mark asked if anyone had any changes to the minutes from the last meeting. Dan Miley moved that the minutes be approved as written and Ed Spyhalski seconded the motion. The motion was unanimously approved.

Treasurer's Report

Mark briefly reviewed the financial statements. The club valuation is \$57,721.86 and the unit value is \$11.144. Mike McCarl asked where business correspondences should be sent. All club correspondences should be sent to Louisville. No other questions were asked.

Market Overview

Mark stated that last month at this time the S&P closed at 1314.88. Today it closed at 1341.45. Mark said that he is not surprised at this movement because we are in the midst of an intermediate uptrend inside of a secular downtrend. As he pointed out at the last two meetings, there is a large discrepancy between Buys and Sells in his model. This month that number is -267. There is a lot of weakness in the market because when there is an up day it doesn't go up by much. Based on his analysis it is not a good time to get into the market. Better to sit on the sidelines. Dan recommended investing for the long-term. He feels that there are still opportunities in individual stocks.

Existing Investments

QCOR – Mark informed the club members that QCOR hit the stoploss that had been set for it and sold on June 28th for \$49.40. Since then the stock has dropped to just above \$42. He asked whether the club should consider getting back into stock. He turned the discussion over to Mike Bates. Mike does not feel the club should purchase any QCOR at this time. He explained that there had been reports that Novartis may be able to duplicate QCOR's main product. Dan stated that Oppenheimer likes the stock, but his opinion is to stay clear. Mike said he still likes the stock but feels there are other stocks with less volatility that the club can invest in.

Security Analysis

HFC – Dan explained that Hollyfrontier Corp is an independent petroleum refiner. Their largest operation is in Lawrence, Kansas. He feels that this company has a large potential for gain. The P/E is 18, and the ROE is close to 40%. Dan estimates that the current price of \$35 could rise to a target price of \$60 in 2 years. He also feels that this stock is a good candidate to double its price in 5 years. Ed Spyhalski stated that Value Line likes it. Mark said that from a technical analysis the stock looks better on a weekly basis than from a daily view. However, the stock is selling at a high peak in a very close fluctuating range. He would feel better if the stock would break out of the range up to \$37. Mike Bates then moved to buy the stock if it dips lower than 30 with a stoploss of 12%. The members present unanimously voted yes. Mark proposed buying the stock if it hits \$37 with a tight (8%) stoploss. It was unanimously approved.

Annual Anniversary

Mark announced that the club had a winner for the largest gain this year. That honor goes to Mike Bates with his suggestion on purchasing QCOR. Right on Mike's heels was the second runner-up, Dan Miley, with his ORLY pick. Mark asked Cindy Creasy if she could come up with an appropriate trophy. Cindy accepted the challenge.

New Member

Mark asked Tom Fitzgerald to introduce himself to the club. Tom stated that he had known Dan for about 30 years. He travels broadly. He is married with a 6 year old daughter. Mark nominated Tom to be a member of the club and Dan seconded the motion. Tom was unanimously voted into the club.

Next Meeting

The next meeting will be held on Wednesday, August 8th, at 7:00 p.m. Linda Bates will present a stock for consideration.

Respectfully submitted,

Linda Bates, Secretary

Attest:

Daniel L. Miley, President