

ONTHEMARK INVESTING CLUB LLC MINUTES OF MAY 9, 2013

The monthly meeting of the ONTHEMARK Investing Club took place via audio conference on May 9th, 2013 at 7:00 p.m. Members present were: Linda Bates, Mark Bates, Mike Bates, Sue Bates, Cindy Creasy, Tony Kern, Joe Kipp, Roger Kobel, Mike McCarl, Dan Miley, and Ed Spyhalski. Absent were Kevin Boggs, Tom Fitzpatrick, Steve Newsome, and Bill Lupone.

Welcome

Dan Miley welcomed everyone to the meeting and Mark Bates conducted the roll call.

Review of Last Meeting

Dan asked if anyone had any changes to the minutes from the last meeting. The minutes were approved as written.

Treasurer's Report

Linda Bates stated that the Club value was \$67,616.41 as of April 30th. The unit value is \$11.735. No questions were asked.

Market Overview

Mark made the comment that at the last meeting he recommended members take their profits because the market was ready for a correction. As of today, the market has experienced 5 straight days of new highs. The primary reason for this is because the central banking system is committed to low interest rates and because of good 1st quarter earnings reports. As far as the club goes, FLS was sold last month at a profit of 14%. Since then, FLS has continued to gain. Mark explained that he and Ed had discussed the stock and that since Value Line had lowered the stock from a rating of "2" to "3", Ed felt it was time to sell. Ed stated that if he had personally held the stock, he would have let it ride for a little longer. Mark stated that since 1st quarter earnings are almost over there will not be a driver for the market. Roger suggested that it was a good time to set stoplosses. Ed asked if the club's stoplosses automatically adjust. Mark explained the stoplosses he sets up are moving stop losses. Dan predicted the Dow to be at 16000 by the end of the year. Tony stated that the market moved from 1400 to 1500 in 73 days, so a correction has to be coming.

Existing Investments

EFX – Ed stated that Value Line still has the stock rated "2". He feels that the club should continue to hold with a tight stoploss. Dan volunteered that Schwab still has the stock rated as a "buy".

CVS – (Joe was on the call, but got disconnected). Mark informed those present that the stock closed today at \$57.49. Dan said the stock has outperformed the market but not its sector. Dan feels the stock is still undervalued and expects it to go to \$60. S&P has a target price of \$68. Mark will consult with Joe to get his opinion on the stock.

New Securities

PEG – Public Service Enterprise Group is a utility company that services the New Jersey area. Mike Bates explained that after analyzing the stock, he would not recommend that the club purchase it. The market cap is \$18B, and the P/E is 14. S&P has the stock rated as a "Buy", Ford Equity has it rated as a "Hold", and Ameritrade has it rated as three stars. The pluses of this stock are that the dividend is high with a 4% yield, the P/E is reasonable, and it has a low BETA, which you would expect from a utility company. The biggest problem with this stock is that it is overbought. Since 2009, the earnings and revenue have consistently gone down but the stock price is consistently going up. Mike said he would not be interested in the stock until the 50-day moving average is \$33.50. Dan stated that he agreed with the analysis. Mike said that he would continue to monitor the stock.

KR – Kroger. Roger stated that the stock closed today at \$34.45. Schwab has it rated as a "B", and S&P as a "hold". Based on the club's analysis form, it is over-valued. Based on this information, Roger would not recommend this stock. Mark asked how much the price would have to fall before Roger would consider purchasing this stock. Roger stated \$27 to \$28. According to Ed, Value Line just moved the stock from a "2" rating to a "1". Value Line has a target range between \$45 and \$60. Dan stated that he does not like grocery store stocks because the margins are too thin. Roger said that he would monitor the stock, and maybe it would be a "Buy" this fall.

Personal Holding Discussion

Cindy stated that she and Ed are “buy and hold” people. They hold American Southern Company, US Bank, GE, Honeywell, Media General, Cisco, 3M, Caterpillar, and JP Morgan. The bulk of their holdings are from places they have worked. They also have a stake in Norfolk Southern which she inherited from her father. Dan felt that there was good diversification in the portfolio. Mark made the comment that the holdings were all strong companies which is good for people in our age range.

Next Meeting

Dan stated the next meeting will be Thursday, June 20th (the 3rd Thursday of the month). Mark volunteered to present and Tony will discuss his portfolio. Mark thanked Roger for putting comments on the website and generating discussion on a possible buy. He encouraged other members to do the same.

Respectfully submitted,

Linda Bates, Secretary

Attest:

Daniel L. Miley, President