

## ONTHEMARK INVESTING CLUB LLC MINUTES OF JUNE 13, 2012

The monthly meeting of the ONTHEMARK Investing Club took place via web cast on June 13th, 2012 at 7:00 p.m. Members present were: Linda Bates, Mark Bates, Mike Bates, Sue Bates, Cindy Creasy, Tony Kern, Pavel Matskevich, Dan Miley, Steve Newsome and Ed Spyhalski. Absent were Kevin Boggs, Joe Kipp, Roger Kobel, Bill Lupone and Mike McCarl.

### 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. Sue Bates moved that the minutes be approved as written and Cindy Creasy seconded the motion. The motion was unanimously approved.

### Treasurer's Report

Mark briefly reviewed the financial statements. The club valuation is \$55,148.82 and the unit value is \$10.68. No questions were asked.

### Market Overview

As of today the club is up 12.9% whereas the S&P is up 6.06% over the same period. At the last meeting the S&P was 1354 and today it closed at 1314. Mark stated that there is a -268 discrepancy between Buys and Sells in his model. On a technical basis, it is not a good market to get into.

### Existing Investments

QCOR – Mark stated that he currently has a 10% stoploss on the stock. The stock closed at \$46.69 which reflects a 16.17% increase since the club purchased the stock a month ago. Mark asked Mike Bates if he had an update on the stock. Mike does not feel the club should sell the stock, that there is a lot more upside. Since this is the only stock that the club owns, he doesn't recommend that additional shares be purchased because it would be too one-sided. He suggested that the club put an option on the stock to protect gains and as a learning exercise for the club. Placing the option around QCOR's next earnings report would be good. As for the stoploss, Mike feels that the club should follow the rules that it has already set and see how they work out over the long term. Steve Newsome asked Mark to review the club position on stoploss. Mark explained that once a stock is up 20%, the stoploss is cut in half to protect earnings. Mark stated that at present the stoploss is slightly more than \$4 below the current price. Dan Miley congratulated Mike on his pick. Dan proposed taking profits by selling ½ of the position if QCOR achieves a 30% gain. This item was deferred until the next meeting.

### Security Analysis

ETF Hedge Portfolio – Mark explained that ETFs were like mutual funds except they do not have the annual fees associated with mutual funds. They are traded like stocks. If there is not a seller that matches a buyer, then the fund will create the necessary units by purchasing the individual stocks in the exact portion of what is stated in the prospectus. Mark feels that it is safer to purchase ETFs instead of individual stocks because it adds more diversification. There are ETFs for every industry segment. Some of the ETFs that he follows for the website include:

SPY – consists of the stocks that make up the S&P 500 in the same proportion as the index

DOG – is the inverse of the S&P 500. It performs opposite of the S&P 500.

AGG – holds bonds of 3-7 year durations to term

GLD – represents gold holdings. Dan stated that earlier in the day CNBC reported that they felt IAU was a better fund than GLD.

ICF – a real estate ETF that invest in REITs. It has a tendency to produce income and generally correlates to the broad market.

Mark summarized that EFTs represent different security classes, that they are diverse, and are bought like stocks. He feels that if only these 5 funds were held, you could beat the market by regulating the number of shares held in each fund at any one time. Ed Spyhalski stated that he has had some luck with ETFs. Pavel

also said he has done well on a pharmaceutical ETF. Mark feels that ETFs have less down risk than individual stocks. Dan stated that with ETF there are fees, but they are built into the cost.

### Annual Anniversary

Mark informed the club that our one-year annual anniversary was coming up in September. At that time, annual elections will take place, the books need to be audited by 2 non-officer club members, and annual membership fees of \$250 are due. Members were asked to consider volunteering for auditing and/or officer positions. Mark suggested that the club create a traveling trophy to be awarded to the person who suggested the best stock to the club. In the running this year are Dan with his ORLY pick and Mike Bates with his QCOR pick. It would also be nice to have a meeting in which all or most of the members could attend, but that may not be possible. He asked members to think about it. Cindy Creasy said she had a few trophies that could possibly be used. Dan suggested that the club consider moving from Scottrade to Schwab. He stated that Scottrade is not user-friendly and their services are not as sophisticated as Schwab. Mark suggested that he will look into both firms and determine which one will service the investment club better.

### Next Meeting

The next meeting will be held on Wednesday, July 11th, at 7:00 p.m. Dan will discuss intrinsic value, and the use of Options to protect our positions at the next meeting.

Respectfully submitted,

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Linda Bates, Secretary

Attest:

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Daniel L. Miley, President