

Rolling Stocks

Investment Club

(ProShare reference number 12707)

MEETING MINUTES

Meeting: **Monthly Meeting - 16 July 1998** Reference: N/A

Held at: **Clancy's, Crewe** Date: **16 July 1998**
Time: **17:15 - 19:00**

Prepared by: **Dave G**

Chairperson: **Kit P**

Present: **Adrian B**
Chris B
Dave G
Geoff O'F
Kit P
Richard W

Apologies : None

Distribution: Those above

Chairman's Acceptance of Minutes

Signature

_____/_____/_____
Date

1. MINUTES OF PREVIOUS MEETING

The minutes from the monthly meeting 24 June 98 were agreed although the Railtrack contingent, in denial about their printer's inability to print the whole 'S' from the 'Rolling Stocks' banner, asked DG to centralise the llama in future issues of minutes.



MEETING MINUTES

2. ACTIONS FROM PREVIOUS MEETING

2.1 Actions Closed since last meeting

Ref.	Description & Progress	Target Date
ALL/0512/06	<p>Set up Standing Orders from 15th June to transfer monthly fees into club account</p> <p><i>0506: Not progressed due to dependence on CB/0512/04. All to provide cheques for £25 in time for 1st July and to set up monthly standing order in time for the August subscriptions taken on 15th July.</i></p> <p><i>0624: KP had set up his standing order. All others to do same in time for 15th July payment</i></p> <p><i>0716 : Despite GOF's had attempted to ask his bank to put money into the RSIC account without specifying which account to take it from, he had been tracked down by his bank so this action is now closed.</i></p>	CLOSED
KP/0605/11	<p>Ask Ian Nussbaum whether he has 'the £5 book' and whether it is worth having</p> <p><i>0624: Not progressed. KP will also ask Ian what information sources his club uses</i></p> <p><i>0716: Ian Nussbaum had decided not to buy the book. CB stated that he had purchased it</i></p>	CLOSED
DG/0624/01	Include a space in future minutes documents for the Chair's signature	CLOSED
RW/0624/02	Send off for free copy of 'What Investment' using the card in the 'Dividend' magazine.	CLOSED
GOF/0624/03	Send off for free copy of 'Personal Finance' using the card in the 'Dividend' magazine.	CLOSED
DG/0624/04	Send off for free copy of 'What PEP' using the card in the 'Dividend' magazine.	CLOSED
CB/0624/05	Notify the Inland Revenue of the existence of our club	CLOSED
CB/0624/06	Transfer majority of our funds into a Charles Schwab account to receive some interest	CLOSED
RW/0624/07	<p>Draw up a framework / set of rules for a 'fantasy' investment competition in advance of next meeting.</p> <p><i>0716: See later in minutes - 'Competition'</i></p>	CLOSED



MEETING MINUTES

Ref.	Description & Progress	Target Date
KP/0624/08	Find out what 'fantasy' investment competition rules are followed by Ian Nussbaum's club and inform RW to assist in the formulation of our own <i>0716: See later in minutes - 'Competition'</i>	CLOSED
RW&CB/0624/09	Investigate Science Systems and report back at next meeting <i>0716: See later in minutes - 'Investigation Feedback'</i>	CLOSED
KP&DG/0624/10	Investigate Logica and/or CAP Gemini and report back at next meeting <i>0716: See later in minutes - 'Investigation Feedback'</i>	CLOSED
GOF&AB/0624/11	Investigate ComputaCentre and report back at next meeting <i>0716: See later in minutes - 'Investigation Feedback'</i>	CLOSED

2.2 Actions Carried forward to Next Meeting

See end of these minutes

3. TREASURER'S REPORT

CB supplied his report showing balance (£750), assets (£750), unit value (100.000p) and units held (125.000 per member).

CB stated that Charles Schwab Europe MarketMaster account is now open with account number 1827940. Second signature was required for a PIN to access TouchTone Trader automated service - AB provided additional signature.

4. CHAIRMAN'S FEEDBACK FROM IAN NUSSBAUM'S CLUB

KP explained how Ian Nussbaum's club had buddied up into pairs and ran a sophisticated themed fantasy investment to help their learning and investigations.

They had purchased FairShare's software package to help them track shares in their fantasy portfolios. They based their buying and selling around this. They report back monthly but have access to the updated share information 4 times per week.

Their approach had been similar to ours in that they had paired up to investigate specific companies but had struggled. They now concentrate on investigating particular sources - especially 'The Analyst' and 'Cavanagh' from The Times. Their approach now is for each sub-group to examine their source of information and report back on prospect buys each month.



MEETING MINUTES

The responsibility for monitoring the portfolio is spread across the membership. Each member proposes a share buy and, if the club agrees to the purchase, it is the proposer's responsibility to monitor the performance of that company.

Ian had given KP 18 months worth of data and a number of reports including a copy of their minutes and a skeleton of their Treasurer's report. KP agreed to distribute copies.

5. INVESTIGATION FEEDBACK

5.1 CAP Gemini and Logica

KP & DG reported back on investigations into CAP Gemini and Logica. CAP Gemini information was not pursued as they are not quoted on the London stock market.

DG had obtained Interim Report from Logica (25 February 1998). Main points were:-

- turnover up 46% to £216.3 million
- profit before tax up 46% at £15.5 million
- earnings per share up 40% at 16.0p
- order intake up 50%
- staff numbers up 15% at 5870
- interim dividend up 25% at 4.5p

KP stated that there had been a very recent write up of Logica in 'The Analyst' which had them in the 'sell' category.

5.2 Science Systems

RW and CB reported back on investigations into Science Systems. The annual report had been obtained. Main points were:-

- Floated 25/9/97
- £18.6 million turnover
- 10% profit margin at £1.8 million
- P.E. at 30 (IT index average is at 70.8) which indicates it is a relative bargain
- 300 employees

CB and RB added that their background is space technology but have successfully diversified. Generally they seem to have a stable base of large, long term contracts (though this could be a risk as losing a large contract could wipe out profits). Growth is entirely organic and their Chairman had previously spent 25 years with Logica so had experience in taking a company from being small to large. The company also claims to have 80% repeat business and RW's personal experiences in dealing with the company led him to believe that they were an honest, quality company.



MEETING MINUTES

Looks like an attractive investment prospect though they seem to have a relatively conservative approach to growth and would be a higher risk investment than a FTSE 100 company.

5.3 ComputaCenter

AB and GOF reported back on investigations into ComputaCenter. AB and GOF had been unable to review the annual report as it was not available through FT. Some information was available from REFS. GOF, AB and RW all stated that their own personal experiences in dealing with ComputaCenter had left them feeling that ComputaCenter were not a quality company. All agreed that it was probably not worth investigating ComputaCenter further.

6. INVESTMENT STRATEGY NEXT STEPS

Agreed to monitor Science Systems further.

DG asked what the position was on our documenting a formal investment strategy - we had had a meeting in June to discuss what should be done to produce an investment strategy but it had appeared to fizzle out. All agreed that it would be worth documenting an investment strategy if only to document some agreed stop-loss criteria. DG to add an item onto next Agenda to discuss.

7. COMPETITION

RW supplied a set of proposed rules for "The Lucky Llama" fantasy share competition. These were reviewed at the meeting and the following were agreed :-

- Starting money £5000
- Dealing once a month - instructions to be communicated at/before each RSIC meeting; deals conducted at weekend following each meeting
- Shares to be bought at 101% and sold at 99% of mid-price quoted at c.o.b. of last working day before the dealing weekend
- Minimum Sell / Maximum Buy prices may be specified
- Standard Charles Schwab brokerage to be applied
- No interest on cash in hand
- All London Stock Exchange shares (including AIM), Investment Trusts and UK Government Bonds are allowable dealings
- Dividends added to cash in hand if player alerts competition secretary with evidence
- Scrip and Rights issues to be notified by player to competition secretary with evidence
- Report to be produced by competition secretary in time for each meeting

All to look for a cheap, off-the-shelf, llama to be used as a prize.



MEETING MINUTES

The £5000 starting money was to be close to the values we were likely to be investing in and would mean that each player was limited to 3-5 companies (or thereabouts). By having a small fantasy portfolio, each player would be able to learn more about how each of his selected companies. Even if the companies were selected completely at random it would still be a good learning opportunity.

Competition will start at next meeting when all players are to bring their buy proposals.

8. THE ANALYST

KP briefly explained how Ian Nussbaum's club have two groups that subscribe to The Analyst magazine and they rate it highly. Full rate is £180 per year but is available at a 1st year rate of £97.50. It is a filter of the wide range of available investments and focuses on growth stocks. It reports on companies with best economics.

CB had a flier on the magazine and can photocopy it for distribution at the next meeting.

{Post meeting note : I noticed the same flier (Investor issue 3; March 1998) included in my copy of Dividend - perhaps we already all have a copy?}

Agreed that we should try to get a free copy and assess whether it is worth purchasing. KP to pursue.

9. SHARE TRACKING SOFTWARE

CB investigated a few available options and reported back in his Treasurer's Report. Options investigated were

- Fairshare's Fairshares for Windows
- Ionic's Sharescope
- Udata's Invest
- Winstock's The Analyst
- Morpheus's Market Savant
- Indexia's Intro

CB has brochures on all of them and some demo disks. All agreed that there was as yet no real requirement/justification for us to purchase one of the packages. RW also stated that he could run the "Lucky Llama" without one. KP suggested that a bargain basement product may be adequate for even our future needs. As CB already had demo disks, KP, CB and RW agreed to share these out between them for review with a view to reporting back at the next meeting.

10. AOB

No other business



MEETING MINUTES

11. NEXT MEETING

The next meeting will be the August monthly meetings of the club. Holiday period may make it difficult to find a suitable date that we can all attend. Of those remaining at the end of the meeting, the most appropriate date for the next meeting was agreed to be 25 August 1998 and the proposed venue is Clancys again.



MEETING MINUTES

ACTIONS CARRIED FORWARD TO NEXT MEETING

Ref.	Description & Progress	Target Date
DG/0716/01	Centralise the llama in the minutes banner heading	16/7/98
KP/0716/02	Distribute copies of Ian Nussbaum's club reports	24/8/98
ALL/0716/03	Look out for news/information on Science Systems	24/8/98
DG/0716/04	Include an item on how to complete our Investment Strategy onto the next agenda	24/8/98
ALL/0716/05	Look for a cheap, off-the-shelf llama to be used as a prize in the fantasy investments competition	24/8/98
ALL/0716/06	Bring buy-proposals for the "Lucky Llama" Competition to the next meeting	24/8/98
CB/0716/07	Photocopy the flier for the Analyst for distribution at the next meeting	24/8/98
KP/0716/08	Try to get a free copy of The Analyst to help us assess whether to subscribe	24/8/98
KP&CB&RW /0716/09	Test out the demo disks for share tracking software and report back at the next meeting	24/8/98