

Rolling Stocks

Investment Club

(ProShare reference number 12707)

MEETING MINUTES

Meeting: **Monthly Meeting - 25 August 1998** Reference: N/A

Held at: **Clancy's, Crewe** Date: **25 August 1998**
Time: **17:15 - 18:45**

Prepared by: **Dave G**

Chairperson: **Kit P**

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

Apologies : **Adrian B**

Distribution: Those above

Chairman's Acceptance of Minutes

Signature

____ / ____ / ____
Date

1. MINUTES OF PREVIOUS MEETING

The minutes from the monthly meeting 16 July 98 were agreed.

2. ACTIONS FROM PREVIOUS MEETING

2.1 Actions Closed since last meeting

Ref.	Description & Progress	Target Date
DG/0716/01	Centralise the llama in the minutes banner heading	CLOSED
DG/0716/04	Include an item on how to complete our Investment Strategy onto the next agenda	CLOSED



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Ref.	Description & Progress	Target Date
ALL/0716/06	Bring buy-proposals for the "Lucky Llama" Competition to the next meeting	CLOSED
CB/0716/07	Photocopy the flier for the Analyst for distribution at the next meeting	CLOSED
KP&CB&RW /0716/09	Test out the demo disks for share tracking software and report back at the next meeting	CLOSED

2.2 Actions Carried forward to Next Meeting

See end of these minutes

3. TREASURER'S REPORT

CB supplied his report showing assets (£898.40), unit value (99.787p) and units held (150.053 per member).

CB stated that the figures had been made slightly more complicated by the need to take into account bank charges, postage, and forward pricing of units)

CB added that the Inland Revenue will need a list of all our National Insurance numbers so all to send their numbers to CB.

4. SHARE TRACKING SOFTWARE - FEEDBACK

RW had looked at various screenshots of UPDATA on the Web. It is cheap (£58) and has free updating of data. It looks as if it is appropriate for our needs and can be used to track our Fantasy portfolios as well as our eventual real portfolio.

It was agreed that RW should purchase UPDATA on behalf of the club unless he finds a significant show stopper in the rest of his evaluation.

5. LUCKY LLAMA COMPETITION

RW handed out updated instructions for the competition following on from the discussions at the July meeting.

All attendees had been asked at the July meeting to bring 'buy decisions' to this meeting. CB suggested that each person explained their rationale (however trivial) behind their selections so as to help our understanding and learning process. It would also help feed into discussions of our club's investment strategy. This was agreed.

KP



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Wanted to try to get a relatively balanced portfolio but select companies that are considered to be undervalued. Oil sector is at its lowest (in real money terms) since 1973 so is considering an oil company. British Steel is very low too. Additionally, Oil and Steel are largely influenced by world economics in that if there is a world recession, oil and steel usage typically drops off. The Food and Pharmaceuticals sectors are less affected by this so a company from each of these sectors will balance the oil company and British Steel. Tesco is being considered from the Food sector and SmithsKlineBeacham from the Pharmaceuticals as this is relatively low priced yet fundamentally sound and subject to a potential merger with Glaxo. Thistle Hotels is a company from another sector that again is fundamentally sound yet relatively low in share price.

CB

Had, like KP, selected 5 stocks. Clubhaus may be taken over by Whitbread and the current director is unlikely to accept a low bid from Whitbread. Electra is an Investment Trust which is considered to be undervalued. Lorien was a recent newspaper tip and, although the share price has since plummeted, is probably worth sticking with. Science Systems looked OK when briefly investigated previously, and finally Orange which is a semi-random pick from the Telecomms sector - a sector which is in growth mode.

GOF

Had selected 2 stocks. Arriva which is a transport company that has recently made acquisitions. Also Leeds United which would be an interesting one to learn from (and they won 1-0 yesterday).

DG

Wants to split portfolio into 25% (approx.) government bonds, 25% overseas (via investment trusts) and 50% in UK equities. Has picked Treasury 6.5% 2003 as a government bond as it was close to the £100 'standard' and it was as good as any as a vehicle for learning. Pacific Assets as an investment trust as he wants to understand the Asia situation more. Flying Flowers as it was considered a bargain at 530p and has since dropped by >60% due to a reduced profit expectation but seems to be recovering. As this share is almost at its year low and has PE less than the sector average, Photo Me and Logica have been picked as other stocks as these are close to year high with average PE and mid-price with high PE respectively. Observing progress of these shares may help learning given the different starting points.

RW

Had not yet firmed up on precise buys but wanted to go for something with high risk. Was looking at something in the internet area, something in video games and something in technology startup. The gamble here is to pick the winners in these risky areas.

RW agreed to process the buy decisions on 28 August 1998 and everyone was asked to email RW with their decisions by this date.



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6. INVESTMENT STRATEGY

It was agreed that it was important to get the sell criteria right - even before agreeing specific buy criteria. To this end, a stop-loss approach using 20% as the threshold figure was suggested and agreed.

Now that we are in a position to make our first purchase, we need to know whether our strategy is to be conservative (i.e. invest in blue-chips or investment trusts, etc.) or to be more risky and try to beat the index.

Given that we will not be in a position to have a truly balanced portfolio until such time as we have a portfolio covering approximately 30 investments, there may be little point in trying to go with a conservative strategy so our approach ought to be more aimed at selecting an interesting stock that would give us a chance of beating the market. A general strategy may be to have 50% invested in well researched, low risk stocks and 50% invested in more 'snap', higher risk stocks.

A worthwhile approach may be to look for companies that are fundamentally sound yet have recently had its share price corrected - to the extent of over-correction (e.g. possibly Lorien).

Aim to select a share to buy at the next meeting. All agreed to carry out some investigations and bring one buy proposal to the next meeting for discussion (if it is more appropriate to buddy-up and bring 2 between the pair then this is OK).

7. AOB

No other business

8. NEXT MEETING

The next meeting will be the September monthly meetings of the club. Holiday period may make it still difficult to find a suitable date that we can all attend but a date in the last 2 weeks of September is most likely.



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ACTIONS CARRIED FORWARD TO NEXT MEETING

Ref.	Description & Progress	Target Date
KP/0716/02	Distribute copies of Ian Nussbaum's club reports <i>0825: KP agreed to store a copy of the reports in the minutes folder.</i>	21/9/98
ALL/0716/03	Look out for news/information on Science Systems <i>0825: No information found - all to continue look out</i>	21/9/98
ALL/0716/05	Look for a cheap, off-the-shelf llama to be used as a prize in the fantasy investments competition <i>0825: None found. Evelyn Godley may be able to help!</i>	21/9/98
KP/0716/08	Try to get a free copy of The Analyst to help us assess whether to subscribe <i>0825: Awaiting receipt of the free issue</i>	21/9/98
ALL/0825/01	Let CB know your NI number	21/9/98
RW/0825/02	Purchase UPDATA on behalf of the club unless a significant show-stopper is found in remaining evaluation.	21/9/98
ALL/0825/03	Email RW with buy decisions for the Lucky Llama competition	28/8/98
RW/0825/04	Process everyone's Lucky Llama buy decisions so that the competition can begin from 28/8/98.	28/8/98
ALL/0825/05	Carry out investigations and bring a buy proposal for the club to consider at the next meeting.	21/9/98