Rolling Stocks

Investment Club

(ProShare reference number 12707)

MEETING MINUTES

Meeting:	**Monthly Meeting - August 2006**		
Held at:	**The Brocklebank, Crewe**	Date:	**31st August 2006**
		Time:	**17:15 – 18:20**
Prepared by	**Dave G**		
Chairperson:	**Richard W**		
Present:	Chris B Dave G Kit P Richard W		
Apologies:	Adrian T, Simon B		

Chairman's Acceptance of Minutes

_____ ____ / _____ / ____

Signature *Date*

1 NEXT MEETING

Wednesday 20th September at 17:00 in the Brocklebank.

2 MINUTES OF PREVIOUS MEETING

Section 6.6 had said that the exit criteria table covered both the Fundamental and the Speculative portfolio but only showed the Fundamental holdings. This to be corrected from the August minutes onwards.

3 ACTIONS FROM PREVIOUS MEETING

3.1 Actions Closed Since Last Meeting

Ref.	Description & Progress	Status
DG&SB/0718/14	Propose a possible reworked top page for our website so that navigation can be made more like a portal *0810: No progress* *0921: No progress* *1017: No progress* *1128: No progress – but still worth thinking about* *1219: No progress* *0117: No progress* *0215: No progress* *0314: No progress* *0427: No progress* *0523: No progress* *0621: No progress* *0726: No progress* *0831: Agreed to drop this action though it was noted that the website had drifted out of date over the past 6 months and that it was important to get it back up to date.*	DROPPED
CB/0621/01	Produce necessary figures for tax forms *0726: No Progress* *0831: Very promptly dealt with by the tax office too.*	COMPLETE
CB/0726/05	Treat dividends that are XD before year end but paid after year end as being assets of the club in the annual valuation from next year (June 07) *0831: Is covered in the template provided by Richard as part of action RW/0726/02 so can be considered complete as Chris has agreed to use this template for the 2006/07 report next year.*	COMPLETE
RW/0726/02	Produce an example annual report in a proposed format that may lend itself more easily to being externally audited	COMPLETE

3.2 Actions Carried forward to Next Meeting

See end of these minutes.

4 TREASURER'S REPORT

4.1 Monthly Report Summary

See separate report for detail.

Highlights/Lowlights: A mixed month with an overall gain in our holdings of £1100 (2.5%) which is an underperformance against the FTSE which was up 3.8%.

Unit value up from 655.607 to 683.368. We have just over £2k available as non-mechanical cash with an additional £8.5k in cash alternative investment trusts.

4.2 Matters Arising From Report

It was noted that in the 98 months since comparisons could begin, the Club has outperformed the FTSE Allshare in 58 of these, which is 59.1%. However, and more notably, in the 87 rolling 12-month periods since comparisons could begin, the Club has outperformed the FTSE Allshare in 71 of these, which is 81.6%. This is a pretty impressive performance.

5 PORTFOLIO MANAGEMENT

5.1 Monthly Money Management Checks

Fundamental portfolio is still showing as "too low" with 12% held in this portfolio against strategic minimum of 25%.

The Fundamental portfolio is also too concentrated with only 3 holdings in it, the issue being that two of these three exceed the strategic maximum weighting of 30% in any one stock within this portfolio.

5.2 Mechanical Portfolio

The portfolio was up 4.8% this month with good gains from Cable & Wireless, Character Group, Metnor and Charter. BETonSPORTS remains suspended with a likely zero valuation.

New highs were set by Character, Cable & Wireless, John David and Metnor.

There were no transactions last month. This month we are due to sell Charter from the Growth side. It is currently showing a profit of approximately 130%. The top replacement candidate is Jacques Vert, a clothing wholesaler / retailer.

As is becoming the norm we have one vacancy in the value side and no valid candidates.

The table below now reflects the sell situation for each mechanical holding. The appropriate sell condition (i.e. "Anniversary" or "Sell If Below") is shown in **bold.**

Company	Portfolio	"Anniversary"	Purchase Price	Target Price	Trailing Stop Loss	High Since Purchase	Target Met?	Sell If Below
McAlpine (Alfred)	Value	**Oct-06**	347.97	521.96	52.20	499.75	No	521.96
Metnor Group	Growth	**Nov-06**	219.83	329.75	32.97	292.00	No	329.75
First Choice Holidays	Value	**Jan-07**	233.99	350.99	35.10	249.75	No	350.99
Interior Services Group	Value	**Feb-07**	259.70	389.55	38.96	302.50	No	389.55
BETonSPORTS	Growth	**Mar-07**	159.44	239.16	23.92	171.00	No	239.16
Stanley Leisure	Growth	**Mar-07**	781.00	1171.50	117.15	781.00	No	1171.50
Character Group	Growth	**May 07**	59.50	89.25	8.93	75.50	No	89.25
Ashley (Laura)	Growth	**May 07**	22.50	33.75	3.38	27.00	No	33.75
Cable & Wireless	Value	**Jun-07**	110.39	165.59	16.56	125.75	No	165.59
John David Group	Value	**Jun-07**	254.49	381.74	38.17	304.00	No	381.74

5.3 Monthly Reports For Each Company in Fundamental Portfolio

CodaSciSys	HOLD – Not yet met sell criteria (see table in 5.6 below).
	The details of the intended splitting off of Coda from SciSys are still not clear but the EGM approved the demerger which is expected to go through on 26th September.
Raymarine	HOLD – Not yet met sell criteria (see table in 5.6 below)
	Has got very close to breaching its stoploss during the month.
Qinetiq	HOLD - Not yet met sell criteria (see table in 5.6 below)

See separate monthly reports for more detail.

5.4 Speculative Portfolio

No issues to discuss.

5.5 Other Investments

No issues to discuss. It was noted that we have made modest gains from the two Investment Trust holdings which is exactly what the point of using these cash alternatives was. Without having put the cash at risk, we would be sitting on a £10k cash pile with a minimal interest rate.

5.6 Stop Loss / Sell Criteria (as of date of treasurer's report)

The following is the summary of sell criteria for each stock held within the Speculative or Fundamental portfolios The stop loss is invoked against the "end of day" price, but the sell decision may wait for the opening price to avoid rogue trades at the end of day.

Stock EPIC	Stock Name	Reportee	"High" Price	Stop Loss	Exit Criteria
CSY	CodaSciSys	Richard	570.25	427.69	Hold until at least Nov 06 then review. Also review following any trading or results statement that expects/reports a fall in either revenues or profits over the previous reporting period. 25% trailing stop loss
RAY	Raymarine	Simon	411	329	20% trailing stop loss.
QQ	Qinetiq	Simon	172	86	Initially 50% stop loss Review at October 06
IFFF	Ishares FarEast ex-Japan	N/A	61.25	N/A	Review holding at least every 3 months following purchase

Stock EPIC	Stock Name	Reportee	"High" Price	Stop Loss	Exit Criteria
CWR	Ceres Power	N/A	310	N/A	- if value doubles (474p) trailing stop-loss of 15% to apply - sell if value halves (118.5p) - review after 12 months (29June2007) - review following any signficant announcement affecting company prospects including, but not limited to, breakdown of contract with British Gas, escalation of development cost/timescale arising from technical/safe/regulatory/other concerns
ASP	Ascribe	N/A	33	N/A	sell at 15p or impose a trailing 5p stop at 50p whichever comes first.

5.7 New Buy Proposals

No new proposals.

6 LUCKY LLAMA COMPETITION

From Richard's mail….

"Back down to earth for Adrian this time with ZI Medical reverting to its more normal lacklustre performance and giving him a 7.7% drop overall.

A small loss for Simon of 2.9% due to his new pick of Logica.

A 3.3% rise for Dave with decent rises from Woolworths and House of Fraser.

Chris put in another veyr sold performance, rising by 5.1%. Next Fifteen was his best performer.

Richard finally had a good month with Spring Group springing back to life <groan>. Up 6.3% overall to take the monthly prize.

Overall Chris has taken a commanding lead and it will take quite a turnaround for anyone to catch him with just one month to go:

Chris £105,791.67
Kit £100,000.00
Simon £96,208.13
Adrian £93,468.02
Richard £93,444.22
Dave £92,921.62 "

7 COMPETITIONS

Nothing to report.

8 SPENDING ON "FUN" AND "LEARNING"

A brief discussion took place on whether anyone ever wanted to attend an investment seminar or similar as the "Fun and learning budget" is to cover that sort of thing. Nobody had any particular interest in doing so. The budget could also be used to subscribe to a magazine. If one person were to get the magazine then we pass it round then this might us increase our knowledge about a particular subject or sector. It may also help generate some buy proposals though, clearly, if the publication was being passed round the members, the company information in it would not be particularly "current" by the time the last member got to read it.

It was accepted, though, that getting the occasional magazine may provoke some buy proposals. The suggestion was made that rather than getting a subscription, a more "ad-hoc" arrangement should be supported whereby each member can buy an investment magazine as and when they like, and that the club would cover the costs up to approx £10-£15 per member per year. The member buying the magazine would be expected to email the other members saying what they had bought (to avoid others from buying the same issue) and would be expected to bring it in to the next club meeting to allow someone else to read it. This principle was agreed and it was also agreed that we should just run with it informally for a few months, and only formalise it if any problems arose.

9 ANNUAL STRATEGY REVIEW

9.1

Richard had produced his reports for this but it was agreed that it would be inappropriate to discuss the documents and agree actions without the full membership of the club being present or having the opportunity to contribute. It was therefore agreed that all members should read Richard's review documents and make comments by email ahead of the next club meeting so that any decisions can be made there. Two key points to consider in this review are:-

- We are not generating enough fundamental buy proposals – it is almost perpetually underweight and too concentrated
- The mechanical portfolio is no longer generating enough Value candidates so it may be that we should agree a further relaxation of the filters

10 AOB

None.

MEETING MINUTES

ACTIONS CARRIED FORWARD TO NEXT MEETING

Ref.	Description & Progress	Target Date
DG/0620/04 (Reassigned from ALL)	Consider writing an article for a paper or magazine or a more in depth one for the financial press *0718: No progress. All to consider possible ideas, possibly centred on our mechanical portfolio* *0810: No progress* *0921: No progress* *1017: No progress* *1128: DG to create a "straw man" on the Mechanical portfolio* *1219: No progress* *0117: Terry Bond's article in January's Bloomberg Money indicates that he will look into our mechanical strategy and 'report back next month'. Wait to see whether anything appears in the Feb issue.* *0215: Bought Bloomberg Money Feb edition and it had no mention of us so looks like we need to write something and tout it round. I'll see if I can find time to draft a straw man article on the mech portfolio as suggested in the action.* *0427: No progress* *0523: No progress* *0621: No progress* *0726: No progress* *0831: No progress but Dave G agreed to draft a 1-2 pager on the mechanical strategy*	Sep 06
ALL/0523/01 (Action changed from DG/0523/01 at July 06 Meeting)	Revise the Strategy to clarify that a company in takeover position will still be considered held if it is still shown as a holding in the Treasurer's Report / Valuation. *0621: Was sent out as version 7b (draft). Awaiting confirmation of approval before it can become the authorised version* *0726: Still needs all to review it to confirm it as authorised* *0831: Richard to provide suggested rewording so that Dave can incorporate into the version to be approved*	Sep 06
SB/0726/03	Investigate possibility of using OpenSource packages to help the Treasure track transactions for the accounts *0831: No Progress*	Sep 06
CB/0726/04	Maintain a running list of items to be eventually incorporated into next year's (to June 07) annual account report. *0831: Not started. Action left open as a reminder until Chris says he's started it.*	June 07

MEETING MINUTES

Ref.	Description & Progress	Target Date
RW/0831/01	Sell Charter and buy Jacques Vert for the mechanical portfolio	1st Sep 06
ALL/0831/02	Read the Strategy Review documents and provide any comments ahead of the September club meeting	Sep 06

MEETING MINUTES

PROPOSED AGENDA FOR NEXT MEETING.

RSIC Monthly Meeting – 20th September - between 17:00 and 18:30

Venue: Brocklebank

1. Agenda Changes? (2 mins)
   [Any items for AOB or any suggested reordering of agenda?]
2. Date of Next Meetings (2 mins)
   [Agree a date for the next meetings]
3. Minutes of last meeting (1 min)
   [Any comments on minutes from previous meeting
4. Actions from last meeting (10 mins)
   [Progress on actions]
5. Treasurer's Report (10 mins)
6. Portfolio Management (30 mins)
   - 6.1. Monthly "Money Management" threshold checks
   - 6.2. Mechanical Portfolio
   - 6.3. Monthly Report for each Company in Fundamental Portfolio
   - 6.4. Speculative Portfolio
   - 6.5. Other Investments
   - 6.6. Latest sell conditions for each share held
   - 6.7. New Buy Proposals
7. Lucky Llama Competition (5 mins)
   [Latest positions and any new buy/sell decisions]
8. Competitions (1 min)
9. Spending of the "Fun" and "Learning" budgets (5 mins)
10. Strategy Review (15 mins)

AOB