

## ONTHEMARK INVESTING CLUB LLC MINUTES OF AUGUST 8, 2013

The monthly meeting of the ONTHEMARK Investing Club took place via audio conference on August 8th, 2013 at 7:00 p.m. Members present were: Linda Bates, Mark Bates, Mike Bates, Sue Bates, Tom Fitzpatrick, Joe Kipp, Roger Kobel, Dan Miley and Ed Spyhalski. Absent were: Kevin Boggs, Cindy Creasy, Tony Kern, Bill Lupone, Mike McCarl and Steve Newsome.

### Welcome

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

### Review of Last Meeting

The minutes were approved as presented.

### Treasurer's Report

Linda Bates explained that the Scottrade statement was not available until today. As a result she did not have time to get the financial reports ready. She will work on them and post them to the website within the next few days.

### Market Overview

Mark discussed some charts he had posted to the website that reflect the weekly trends going back to 2004. Based on the technical charts, it is still a BUY market and has been since 2009. Personally Mark stated that he is pessimistic because the whole market is propped up by the Federal Reserve. Dan stated that he believed that the market will go down this month because of summer vacations and anxiety over who the President will pick for Federal Reserve Chairman. In September there will be the debt ceiling argument so that will cause a slight pull back in the market too.

### Existing Investments

CVS – Joe Kipp stated that he was still at work and did not have a chance to review the stock before the meeting. Mark said that based on the technical charts it still looked good. The club agreed to continue to hold the stock.

UNP – Mark reported that the stock was purchased at \$163.79. It closed today at \$160.75. Mark said the technical charts show it as a BUY and suggested that the club hang on to it. After some discussion Joe clarified that the company hauls coal, shipping containers and food. Dan stated that based on his analysis, he calculates an intrinsic value of \$205. The club agreed to hold.

## Stock Presentations

Linda explained that she initially was looking at Trius Therapeutics (TSRX) a 10-year old company that has developed an antibiotic called tedizolid phosphate that is used to treat serious infections including those resistant to current antibiotics. The company is using tedizolid phosphate as a base for several other products in their pipeline. However, she quickly discovered that Cubist Pharmaceuticals (CBST) made an offer to buy TSRX on 7/31, so she decided to concentrate on CBST. CBST was incorporated in 1992 and went public in 1996. Its current products are CUBICIN, an antibiotic that treats methicillin resistant bacteria, ENTEREG, a medicine for upper and lower gastrointestinal recoveries, and DIFICID, a treatment for diarrhea caused by certain bacteria. The company has several products in phase III trials. Their current price is \$61.91, the P/E is 44.84, the ROE is 10.23, and debt to equity is .39. Schwab has the stock rated as a "C", Credit Suisse as an "outperform" as of 7/31, and Reuters has it rated as an "outperform" also as of 7/31. Sue Bates said that she was familiar with the company but not up-to-date on it. Ed Spyhalski said that Value Line did not like the company. They only give a target price of \$65. Mark stated that the company would be very volatile. The results of the vote would not have been a majority with all shares voting, so Dan decided the stock should be reconsidered and voted on at the next meeting when more members would be present. The vote was as follows:

TF – N	ES – N	CC - N
JK – Y	MarkB – Y	MikeB - N
DM – Y	SB – N	LB – Y
RK – Y	KB – Y	BL - Y

Linda's second presentation was on Igate (IGTE) which was founded in 1986 and provides IT and outsourcing services to medium and large size companies. The current price is \$23.46, the P/E is 21, and the ROE is 29.56. The company services North and South America, Europe, Middle East, Africa and Asia Pacific. It employs 28,000 people in 23 offices worldwide. Its largest customer is GE, which accounts for 13% of revenue, and the 2<sup>nd</sup> largest customer is Royal Bank of Canada providing 11% of revenue. Based on predictions by MSN.money.com, spending on IT services will increase at a compounded rate of 4.7% over the next 4 years and consulting will increase at a compounded rate of 7.6% over the next 4 years. In early 2013 the company completed a merger of subsidiaries in India. The acquisition cost \$239.3 million. The company feels that it will be able to operate a lot more efficiently by cutting out duplicity. The company fired their President/CEO of 10 years in late May as the result of an inter-office affair and a sexual harassment case. The company is currently looking for a replacement. This firing did result in a class action suit against the company which they feel is meritless. Schwab rates IGTE as an "outperform", Reuters rates it as a "hold", and Market Edge rates it as a "long". Mike said that the price just recently popped because earnings were much better than expected. Ed said that Value Line did not follow the stock. Dan values the company at \$37 and has it listed in his Miley Fundamental Fund. The club voted on purchasing IGTE as follows:

DM – Y	BL – Y	ES – N
CC – N	MarkB – Y	MikeB – Y
SB – Y	LB – N	KB – Y

TF – Y

JK – Y

RK - N

The vote on whether to purchase a full or partial portion was as follows:

MarkB - F

MikeB – F

SB – P

LB – P

KB – F

ES - F

CC – F

TF – F

JK – F

RK – P

DM – F

BL – F

The club voted to purchase a full share of IGTE with an 8% trailing stoploss.

### Next Meeting

Since the meeting was running long, Mark will present his materials on ETFs at the next meeting which will be held Thursday, September 12<sup>th</sup>. Since it will be the club's annual meeting, new officers will be elected and the "Stock of the Year" will be revealed.

Respectfully submitted,

Linda Bates