

ONTHEMARK INVESTING CLUB LLC MINUTES OF JUNE 20, 2013

The monthly meeting of the ONTHEMARK Investing Club took place via audio conference on June 20th, 2013 at 7:00 p.m. Members present were: Mike Bates, Sue Bates, Tony Kern, Joe Kipp, Mike McCarl, and Dan Miley. Absent were: Linda Bates, Mark Bates, Kevin Boggs, Cindy Creasy, Tom Fitzpatrick, Roger Kobel, Bill Lupone, Steve Newsome, and Ed Spyhalski.

Welcome

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

Review of Last Meeting

Dan asked if anyone had any changes to the minutes from the last meeting. None being noted, the minutes were approved as written.

Treasurer's Report

Mike Bates read the materials posted to the Club's website by Treasurer Linda Bates. He stated that the Club value was \$67,563.64 as of May 31st. The unit value was \$11.735, unchanged from the previous month. He noted that the Club's entire position in Equifax (EFX) was sold on May 22nd at a price of \$62.64 resulting in a gain of 11.5%. The Club is currently invested in one security, CVS.

Dan asked whether anyone still owes for his or her share of the \$136 reimbursement due the Club for the 2012 tax on Kentucky Nonresident Distributive Share Income. Nobody present responded in the affirmative.

Market Overview

Dan provided his opinion of the overall market at this time. He stated that the steep decline precipitated by yesterday's report of Fed Chairman Ben Bernanke was overdone. He remarked that all asset classes were falling, and that this does not make sense. While rate increases generally hurt sectors such as utilities, REITs and real estate, it should help sectors such as financials and industrials. The fact that this hasn't happened makes Dan think that the market reaction is overdone.

Existing Investments

CVS – The stock closed at \$56.99 today. Joe commented that he had not looked at the stock for several weeks. He still holds it in his personal fund. Schwab rates the stock as a SELL; however, S&P rates it as a STRONG BUY. Dan believes that CVS is still a strong stock

worth holding. He noted that Quicken values the stock at \$70. The Club decided to continue to hold the stock.

Personal Holding Discussion

Dan presented his personal holdings.

Exxon (largest holding). Dan says that its management is the best in the business. The energy sector has room to grow. Natural gas demand will increase at some point in the future which should result in profitability for Exxon's recent purchase of XTO Energy. He suggested that Chevron is currently at a more favorable valuation than Exxon, making it a better buy at this time.

Altria and Phillip Morris International. He noted that the large global presence of smokers particularly helps Phillip Morris.

United Technologies. Great derivative play on the aerospace industry because its wholly owned division Pratt & Whitney builds engines for both Boeing and Airbus. UTX took the place of GE in his portfolio.

Verizon. Been buying for several years. It is the best of breed in the telecom sector.

PNG Financial. Regional banks have much room for growth in a rising rate environment. PNC is a fairly conservative bank.

McDonalds.

IBM. Tech sector best of breed.

Pfizer. Likes the pipeline.

Celgene. It has been a good stock and is one of the places for his "fun money."

Dan's main point is to stay diversified.

Asked about the direction of interest rates, Dan believes that rates are indeed going up and has lightened up on shares of Southern Co. and BP Energy Co. He has never owned REITS. He has reduced his bond holdings and moved that money into shorter-term instruments.

Dan discussed Guggenheim Defined-Maturity Bond ETFs and suggested that these corporate bond funds offer a unique flexibility for investors. Rather than existing in perpetuity, these funds terminate at bond maturity with the principal then being distributed to the fund holders. Given the current environment, Dan suggests it might be prudent to invest in its shorter-term funds, for example, BSCD (2013 maturity) or BSCE (2014 maturity).

Asked about foreign investing, Dan invests only a small fraction of his portfolio in emerging markets, exclusively in funds. He does not own any individual foreign stocks. He has a position in the SPDR Barclays International Corporate Bond Fund ETF.

All members present thanked Dan for this informative and educational presentation.

Next Meeting

Dan stated the next meeting will be Thursday, July 18th at 7:00pm. Joe volunteered to present a stock at that meeting. In addition, all are asked to review the stop-loss calculator

posted by Mike McCarl and be prepared to discuss it next meeting.

Respectfully submitted,

Mike Bates