

The Crown Cycling Circle Investment Club

1999

Chapter 1; Origins

In 1979 a few friends who frequented the "Crown" in Northhill banded together to form a cycling circle to benefit from the exercise and fresh country air.

Eligibility was simple. Those turning up at The Crown by 6.30pm on a Friday evening with a bicycle would cycle round the neighbourhood covering on average 20 miles and 4 pubs, usually ending up in the bar of the local Cricket Club.

For many years this arrangement stood, "members" came and went, and one summer's evening in 1997 the idea germinated of forming a club to actively learn about owning and dealing in shares in a convivial atmosphere amongst pals.

In 1997 Mike Janes, the current Secretary, applied for membership of "ProShare Investment Clubs" in the name of The Crown Cycling Circle Investment Club, and the club was born, on paper at least.

However, a serious accident to his aged father diverted attention from investment matters and the initiative was lost, and so it was not until 1st March 1999 that the club held its inaugural meeting in The Crown, with five prospective members and four apologies for absence.

A Chairman, Secretary and Treasurer were elected, it was decided that an entry fee of £10 and a monthly subscription of £25 would be appropriate, and that future meetings would be held in The Crown on the 1st Monday of each month.

With hindsight, the £10 entry fee was too low and should have been set at a higher level, probably in the order of £20-£25.

The next "first Monday" coincided with Easter Monday, and so a meeting was convened for the 29th March to ratify the rules and a constitution.

Six of the circle attended this meeting, and signed and witnessed the agreed Rules and Constitution, derived largely from time proven details set out in the ProShare manual.

Further prospective members sent apologies for absence, and nine founder members eventually signed the original documents, Keith MacBrayne, Mike Janes, John Coupe, John Barron, Graham Disney, Paul Akerman, Stuart Mason, Neil Carnegie and Stuart Goldspink.

The Treasurer opened a Barclays Bank account for monthly subscriptions and an account with Charles Schwab for share dealing via the Internet.

The Club adopted COW 2000 to track subscriptions and investments, with Club brokerage set at 2½% and a 1% mid price adjustment for internal dealings.

The basic infrastructure was in place.

The May meeting was the first to involve discussion of specific shares for investment.

It was, by the admission of all, a formless shambles. At best uncontrolled and using a random assortment of instant "criteria" and press comment, various shares were excitedly discussed by small uncoordinated groups. Supporting information was largely absent, and one founder member resigned in frustration.

Afterwards, the principles and operation of the club were questioned by a number of members. The Chairman, Keith Macbrayne, distributed his "Reflections Arising from Our May Meeting" asking members to consider several key points, including how the club should decide to buy and sell shares, and what supporting evidence would be acceptable.

This marked a turning point in the evolution of the club into a much more organised and disciplined outfit and a more enjoyable club.

In June, at the invitation of Paul Akerman, members had an informative presentation given by two representatives of the Elizabeth Swaleocs Investment Club. They had much experience to offer including importantly, some of the problems they had encountered and how to avoid the early mistakes that they had made.

This was just the catalyst needed to initiate the next phase of the club's development.

Prior to the July meeting Graham Disney, the new Treasurer, produced his paper "Share Selection Reviewed" with proposals for club investment strategy based on ideas derived from Richard Koch's book "Selecting Shares That Perform - 10 Ways To Beat The Index", and criteria of the Elizabeth Swaleocs club that he had noted.

Certain "officer" changes were implemented in July to ensure timely production of properly detailed Meeting Minutes, a Monthly Treasurers Report, and a structured Agenda for subsequent meetings.

These were circulated by e-mail to those members who have the facility, the remainder by hand around the village.

Three more circle cyclists showed an interest, their membership to be confirmed at the following meeting provided that no objections had been lodged.

The next two months saw focus on the detail of the club's investment criteria.

To facilitate this, Graham Disney together with John Coupe and John Barron, (the three wise men) formed the Investment Analysis Group (IAG).

Having considered several investment strategies, they began to focus on longer term "Growth" investing. Initially some members had been averse to an "analytical" investment approach, but the IAG began to realise the importance of P/E ratios, EPS, etc., and having independently read and digested several books by Jim Slater, including "Beyond the Zulu Principle", and interrogated the "Motley Fool" website, they produced their proposals based on sound analytical research rather than opt for short term "churning" based on news comment, whim, etc.

Stuart Goldspink was appointed Social Secretary to organise social events, which so far have included a barbecue and a visit to a London Club. Other events are in the pipeline, including a Go Karting evening in the Spring, and an Annual Dinner late in the year.

In August the three new candidates, David List, David Irving and Brian Allnutt, were accepted as members, and since no investments had been made it was proposed that they could top up their subscriptions. All three decided to do so, and thus they became designated as Founder members.

Members were asked to digest the IAG report, issued soon after the August meeting, and bring their views to the September meeting for discussion.

September arrived, and the twelfth member, Nigel Jarvis, who had attended the inaugural meeting in March, was finally welcomed to the club.

The IAG proposals were adopted with minor modifications, including subscription to quarterly issues of "Company Refs" to assist share selection, and a minimum investment level of £1000 per Company in order to keep dealing costs within reason.

Another motion was carried to increase the monthly subscription by £3 to pay for "Company Refs." without affecting investment funds, and the first issue was organised to arrive in November.

Members decided against increasing membership further until the first AGM when the position will be reviewed, and by which time most procedures should be fully defined, consolidated and in place.

Members now include a Building Project Manager, an Insurance Manager, two Airline Pilots, a Motor Technician, a Molecular Biologist, two Sales Managers, a Shopfitter, a Quantity Surveyor, a Training Consultant, and a retired Trading Standards Officer.

The last quarter of 1999 saw further refinement of procedure and rules:

In October a motion was proposed to accept limited proxy voting as some of the members, although local, are unpredictably mobile at work, and the motion was carried subject to certain safeguards.

A pro forma was issued by the Treasurer for completion by members to include their Income Tax District and Reference details for the purpose of reporting Capital Gains in accordance with current legislation.

The Chairman contacted Channel 4 regarding a team appearance on "Show me the money", but was unsuccessful.

Each month, by rotation, members select a share for the Financial Mail on Sunday competition, although with no success to date.

As "Company Refs." was expected later that month, the November meeting saw agreement that the first share selection would be made at the December meeting, by which time at least £2000 would be available for investment.

The IAG was tasked with researching the Utilities Sector for suitable shares using Company Refs., but discovered that none met the agreed criteria. After broadening the search they selected three Companies for discussion.

After a detailed and broad ranging discussion at the December meeting, two of the three shares discussed (**Springwood** and **AMEC**) were selected, and the following day the Treasurer invested approximately £1000 in each.

The Club was now in business!

Following the initial investments, it was agreed that members other than the IAG should monitor share performance. This would spread the work and encourage a broader understanding of the investment process. A motion was carried that each Company in which shares are held would have a "Champion", to monitor share movements, company reports and statements, press releases, Internet comment, etc., and report to monthly meetings.

Confidence in the Club's investment policy was soon challenged!

Two days after purchase, Springwood shares dived in price. A search of the Internet revealed that a false bulletin posted to a news group had had the effect of driving down the price considerably.

Their Managing Director later issued a corrective statement that revived the club's confidence in the Company and by the end of 1999 both Springwood and AMEC showed a small increase above the share purchase price.

The Club obviously has a very short investment history, but members believe that it has laid sturdy foundations for solid growth and looks forward to a good deal of fun and some success in 2000 when it's aim will be to cut unit costs by increasing membership and to build a portfolio of good growth shares.

2000

Chapter 2; Consolidation

The Millenium came and as the year unfolded the Club Portfolio, starting with Amec and Springwood but together with a great deal of other shares, looked pretty sick.

In January it was decided that "Champions" monthly reports would include a recommendation to Hold or Sell, and that the perceived duration of the club would remain open ended.

John Barron resigned from the IAG and was elected as Education Officer, to organise talks, presentations etc. by outside experts.

When the monthly meeting was held, on the 10th January, the unit price was £1.0091, having started at £1.0000 before any share purchases.

However, by the February 7th meeting the unit price had dropped to £0.9373.

A draft policy document for new member selection was tabled, and it was confirmed that voting would remain one person, one vote, regardless of the number of units held.

After some discussion, proposals for alterations or amendments to the Rules concerning membership withdrawal were requested for tabling by the next meeting.

At the March meeting, after some balloting which included Touchstone and Snackhouse members decided to buy shares in **MICE**, and Graham Disney therefore bought 752 shares at a cost of £1.35 each on behalf of the club.

The unit price had continued its decline though, to £0.8235 by 6th. March meeting.

Nothing of any significance was recorded at the April meeting, and although the Treasurers Report was deferred due to holiday, the records indicate a Unit value of £0.9131 at that time.

Neil Carnegie tendered his resignation on 27th. April. Having spent three months away, he "realised that he had lost interest in shares and investing".

On May 4th the first Annual Dinner, organised by Nigel Jarvis and held at the Royal Oak, Potton, was attended by 16 members and partners and was adjudged very successful.

The first AGM was held on 8th May, 2000.

At that meeting all "Officers" resigned, in accordance with club rules.

Following the resignation of Neil Carnegie, Keith MacBrayne was appointed Chairman, with Mike Janes and Graham Disney reinstated as Hon. Secretary and Hon. Treasurer respectively.

The Auditors were confirmed as Paul Akerman and John Coupe, with Investment Analysis to be continued by Graham Disney and John Coupe.

John Barron was installed as Education Officer, and Nigel Jarvis as Social Secretary.

The Balance Sheet for end of Tax Year records that the Club's assets of Shares and Cash were valued £3670.54, the Unit price being £0.8516.

By the June meeting June John Barron had also resigned from the club for personal reasons, and the Unit price had dropped further, to £0.8447.

AMEC and MICE had virtually recovered to their purchase price, but Springwood was still well down at £1.45.

Neil Carnegie and John Barron were to be reimbursed from Club funds within 90 days of their resignation becoming effective, in accordance with Club Rules.

At the date of the July meeting the Unit price was down to £0.8297.

Consideration was given to increasing membership, but for practical reasons this had to be deferred until after the Special General Meeting, held on 31st July to investigate proposed alterations to the Constitution and Rules.

A sub-committee of John Coupe, Graham Disney and Mike Janes had undertaken to scrutinise the Constitution and Rules, which had been adopted from the original ProShare information pack, and they brought certain proposals for amendment to the SGM which, it was felt, would be more suitable for our Club. After discussion the proposed alterations were approved unanimously.

No formal meeting was held in August, but a Boule evening at Ickwell Cricket Club was organised by Nigel Jarvis, and rated a great success. He also agreed to organise a Christmas Dinner, to be held at the Crown.

At the September meeting the amended Constitution was signed and witnessed by all the attending members, the remainder signing later.

It was reported that the Unit price was £0.9608, having increased from £0.8594 the previous month. Each Members holding was valued at £421.29.

Shares in **ICM Computer Group** were purchased, rather than JD Sports or Metnor Group, which were also considered.

It was agreed that "Riskgrades" should be added to the Club's tools for share selection.

Three Club members attended the ProShare Seminar in London on 17th. September, and Graham Disney's report on the seminar was circulated to members.

Paul Attew expressed an interest in joining the Club and was handed a copy of the Constitution and Rules for perusal, but he advised that he could not do so until the construction of his house (Northill Stud Farm) was complete – expected January 2001.

By the October meeting ICM shares had dropped by over 23%. Riskgrade was rated at 133, down from 148 before the acquisition of ICM, although this was the riskiest share. The Unit price had dropped to £0.8528.

In November, the Unit price was down to £0.8318, but a dividend had been received from MICE which was reinvested by purchasing additional shares (2) in lieu of cash, in accordance with Club policy

At the end of 2000 (December 4th. meeting) the Club Portfolio Unit price had dropped to £0.8165, our blackest moment to date. Each member held 528.5 Units valued at £431.52 and the Riskgrade was rated at 109.

Dealing account cash reserves of £859.22 were held, and a new investment was to be selected in January.

A reasonably successful year in terms of organisation and consolidation had been completed, but had been pretty poor from the point of view of investment performance.

However, the Club had beaten the FT Index performance for the last quarter of the year.

2001

Chapter 3; Growth

The January 2001 meeting brought five new proposals for membership, Nick Slaymaker, Andrew Field-Webber, Ian Kennedy, Peter Phillips and Tony Usher.

The Unit price had been £0.8165 at the end of December 2000, valuing each members share at £431.52. The shareholding in **ICM** was increased by 468 shares, making a total of 669. Certain other growth shares were considered at that time, but were unanimously rejected in favour of an increase in these shares. The Club had purchased 200 shares in September 2000 at a cost of £5.0075 each and acquired 1 more via dividend, but the mid price had dropped to £2.225 by the end of 2000, even though the growth fundamentals still looked favourable. This was seen as an opportunity to reduce the average cost per share.

The Unit price on 8th January was £0.8502.

At the February meeting all five new members were accepted, bringing membership to 15.

A minor change to pre-membership was introduced, to be incorporated formally into the next issue of the Rules, i.e. that potential members will be invited to attend a maximum of two meetings before joining, ensuring that existing members can meet the potential members, and they in turn can assess whether or not the Club is suitable for them.

The Unit price had recovered to £0.9038 by this time.

By the beginning of March, the Unit price had deteriorated again, to £0.8487. At this time founder members units, numbering 614.99, amounted to £521.92 per member.

New members were given a detailed explanation of the way the Treasurers Report was constructed, how members select shares for purchase, how to log on to the Club Homepage and Portfolio within the ProShare website, and how to check the Portfolio on the Riskgrades website.

Nick Slaymaker, one of the new members, gave a computer-aided explanation of Charting, a method that would be considered to assist future share selection.

Nigel Jarvis reported social events that were being investigated for the month of April and beyond.

At the April meeting, it was confirmed that resignations had been received from Nigel Jarvis and Brian Allnutt, and therefore share selection was deferred until sufficient funds were available from the Administration account in order to avoid the sale of holdings.

All existing holdings were confirmed as "hold", and the Unit price was recorded as £0.8388.

It was reported in the Spring 2000 issue of "Dividend" that the club had achieved runner-up in the Mail on Sunday competition with their entry, Screen, although there was no prize allocated for this result.

Paul Ackerman and John Coupe were confirmed as club auditors in readiness for the forthcoming AGM.

The AGM saw the following "officers" elected:

Chairman:	Keith MacBrayne
Hon. Secretary:	Mike Janes
Hon. Treasurer:	Graham Disney (with Andrew Field-Webber installed as Vice Treasurer)
Deputy Chairman:	Peter Phillips
Social Secretary:	Andrew Field-Webber
Auditors:	Paul Ackerman & Tony Usher
Investment Analysis:	John Coupe, Graham Disney, Ian Kennedy, Nick Slaymaker

The accounts, having been audited by PA & JC were unanimously accepted by the membership.

It was confirmed that Rule 5 would be amended to include the invitation to potential new members to attend up to two monthly meetings prior to being proposed and seconded for membership. This was seen as a sensible step to allow prospective members to see how the club operates in practice, and for them to meet the existing members.

The Unit price was then £0.9964, the best for over a year.

Little happened at the June meeting, no shares were purchased or sold in the period, but plans were set in motion to increase social activities.

At the July meeting certain recommendations of the Investment Analysis Group were discussed, including the formation of specific buying and selling strategies, although the CD Refs filters were to remain unchanged.

Paul Attew attended the meeting as a prospective member, but later decided not to join.

Sadly, John Coupe, one of the founder members, tendered his resignation due to his impending move to Wales. His contribution to the early formation of the club was greatly appreciated.

Tony Usher had also decided to resign, it seems for geographical reasons, and his place as Champion for MICE was passed to Mike Janes.

No purchases or sales were undertaken, and the Unit price was £0.9238

By the August meeting the Unit price had tumbled to £0.8595.

Peter Phillips took the chair for the first time and a standard format for Champions Reports and a selling strategy were agreed.

Andrew Field-Webber, as Hon. Vice Treasurer, was elected to trade within the Charles Schwab Dealing account following John Coupe's resignation.

It was reported at the September meeting that the Unit price had recovered slightly, to £0.8784.

As sufficient funds were expected to be available for investment by the next meeting, the Investment Analysis Group was charged with the task of short-listing a number of companies for selection.

Andrew Field-Webber had organised a cycling Treasure Hunt for September 9th.

Mike Cowell and Ian Ashcroft were installed as members at the October meeting, and Tony Cooke attended to observe prior to being proposed as a member.

It was agreed that the Treasure Hunt, which was followed by a Barbeque courtesy of Andrew and Pam Field-Webber, had been very successful and should be repeated next year. In the same vein, a trip to the Bedford Beer Festival and a second Annual Dinner were being organised.

The Unit price had dropped sharply again, to £0.7833, and the members decided to purchase Monsoon shares following a ballot which saw Carpetright and French Connection discarded.

At last, in November, a recovery seemed to be on the horizon, and the Unit price was recorded as £0.9221

Tony Cooke was elected to membership, and Stephen Milton expressed interest in joining.

1460 **Monsoon** shares had been purchased at £0.685 plus dealing costs. There was no other change to the portfolio.

A Special General Meeting was held on the same day to ratify the proposed additions to Rule 5, "New Members".

The December meeting records the Unit price at £0.9638.

Frank Holloway attended as an observer, and a method of reimbursement to David Irving was agreed, following his resignation. This was paid from the Administration account in order to avoid selling stock and it was agreed that his shareholding would be distributed amongst members in proportion to their existing holdings.

By the end of 2001 (December 4th meeting) the portfolio was valued at £7002 plus cash reserves of £676, total £7678 and the Administration Account held £777.

Founder members shares were therefore worth £942.20

However, little did the members realise, but a shock was in store.....

2002

Chapter 4; Amazement

By January 2002 things appeared to have turned round to some extent. The Unit price was £0.999, its best since January 2000, the month after trading first started.

Frank Holloway was elected a member, effective from the February meeting.

After a ballot involving seven shares, Metnor were finally balloted out leaving **Kier**, which was purchased the next day, 172 shares at £5.696.

The Club entered the ProShare Investment Club of 2001 competition, submitting their details in two categories. First, "The ProShare Investment Club of the Year" and second, "The Most Successful Investment Club of 2001".

It was considered that we might have an outside chance of the Investment Club of the Year because, in our own opinion, we had a good basic structure, and the category seemed to fit our modus operandi.

Meetings had now been changed to the third Monday in each month, and by the February meeting Ian Ashcroft had resigned due to new business pressure. Stephen Milton observed the meeting as a prospective member.

Andrew Field-Webber reported that both **ICM** and **Monsoon** had been sold as they had met their stop-loss points. ICM showed a loss, but Monsoon showed our first realised profit and **Centrica** was purchased at £2.299

The Unit price, however, had dropped again, to £0.9193.

To our great surprise, we were notified that we had been short-listed for a ProShare Award, and were presented with two tickets to attend the Awards Dinner. We were also asked whether we would like to purchase further tickets at a cost of £40 each. One cynic remarked that this was a ploy to sell tickets to a greater audience, but nevertheless a resolution was passed, more in hope than expectation, to subsidise any member who attended to the tune of 50% of the ticket cost.

In the unlikely event of our winning an award, it was agreed that the subsidy would be raised to 100%.

Five members, Keith MacBrayne, Mike Janes, Peter Phillips, Mike Cowell and Tony Cooke, attended the Dinner, held at the SAS Radisson Hotel in Portman Square, London on 27th February.

There were eight categories in all. The first award, "The Most Successful Investment Club of 2001", was sponsored by Barclays Stockbrokers and presented by Adrian Chiles and Adam Shaw of BBC2 "Working Lunch" fame.

On the screen arose the names of two clubs, ours second. Well, we all thought, second is fantastic even though there is no runners-up prize. However, **our** name was then called from the stage to go and collect the award, a silver rose-bowl and a cheque for £1500 for club funds! We all fell off our seats! When we recovered we found ourselves on the stage accepting the award amidst popping flashbulbs. We could hardly contain our surprise and joy. What a night!

The increase in our portfolio had been calculated at over 24%. We later learnt that the runners-up portfolio had increased by just over 13%. It seemed that our timing had been just right!

The March meeting saw a further drop in Unit price, to £0.8938, but with good cash reserves including the prize money. By this time **Genus** had been purchased at £1.544.

Claire Gajecykj, International Marketing Director of NASDAQ who we had met at the Awards Dinner, gave a talk on the work and facilities offered by her organisation.

It was further decided to purchase **Majestic Wine** (£4.582) and **Peacock** (£1.245), and sell our holding in **MICE** (£0.685).

Following the publicity of the ProShare Competition win Peter Phillips appeared on Bloomberg Money TV, and a videotape of the interview was circulated amongst the members. An article also appeared in the Biggleswade Chronicle, and Mike Janes gave an interview to "The Investors Toolkit", which was due to be available to on-line subscribers in April.

In April, in order to avoid undue additional work for the Hon. Treasurer, a slight amendment to the way new members join the club was approved. New members subscriptions will now accrue in the Administration account until the end of each quarter so that a number of new members can be admitted at the same time (assuming equivalent resignations). The accrued monetary total for each new member will now purchase club units at the rate calculated at the time of transfer.

The proposed trailing stop loss benchmark of 15% was confirmed, but the holding in Kier was deemed an exception and was set at 10%, the share being of relatively high value. Andy Field-Webber set up a semi-automatic stop loss reminder on the dealing account, and Alan Rix was elected as a member.

The Unit price was recorded at £0.8657, **Genus** had been sold at £1.187, a quick loss of 23%.

No shares were selected for purchase, and the Portfolio was valued at £5962.88 with a further £1504.98 in the Dealing account and £1503.64 in the Administration account including a residue of £1380.00 from the competition win.

Tony Cooke was in process of collecting designs for the club tee shirt logo for selection by members.

May heralded the third AGM, when Peter Phillips was elected Chairman, Keith MacBrayne elected Hon. Secretary and Deputy Chairman, Andy Field-Webber continued as Hon. Treasurer.

Paul Akerman and Tony Cooke were elected as Auditors.

The residual £1380.00 from the competition win was split in proportion to units presently held by members and transferred to the Dealing account.

Gillian Thurston, Pam Field-Webber and Helen Jackson were elected as members following the e-mail votes cast preceding the meeting. They were our first lady members.

Mark Woodman was also elected at this meeting, making 19 members in all.

CSS Stellar (£2.424) and **Ottakers** (£1.736) were selected for purchase with a 15% stop loss to apply.

Tony Cooke presented the draft designs for the club tee shirt logo, and members were asked to consider their preference.

Tony also distributed a list of the dates for the proposed visit to Newmarket races.

The Unit price was £0.9017 at the time of the meeting.

By the June meeting the Unit price had dropped to £0.8422.

AMEC (two tranches at £4.602 and £4.362), **Centrica** (£2.1378) and **Peacock** (£1.233) were all sold prior to the meeting, having met their designated stop-loss points, and it was decided to purchase **CRC Group**, (£2.164)

The tee shirt logo was selected, and Tony Cooke was requested to bring a sample of the shirt and logo to the next meeting.

The Social Committee reported that a cycling Treasure Hunt and Hog Roast would take place on 21st September, and that a Christmas Dinner would be held on 14th December.

It was further agreed that the club would take over the administration of the Ickwell Annual Pancake Race for 2003.

On the 28th June Mike Janes fell from his bicycle during a Friday evening ride, broke his right collar bone, and was whisked into hospital for repair. Fortunately, he was wearing a helmet and some of those who witnessed the sight of the fall soon purchased helmets themselves.

In July, Stephen Milton tendered his resignation and Frank Fattori having been elected, took the vacant place.

The Unit price was recorded at £0.8317.

Ottakers (£1.423), **Kier** (£6.438) and **CSS Stellar** (£2.052) were all sold as a result of reaching their stop loss points. No shares were purchased.

The Social Committee confirmed that the visit to Newmarket races would be on 9th August.

The club were mentioned in an Investment Club article in Woman's Weekly from a telephone interview given sometime earlier by Mike Janes to one of their contributors.

August came and the Unit price was £0.8561. Some dividends had been received, but no share sales or purchases took place.

Ed Olphin was elected to make a full complement of 20 members.

Carpwright (£6.32) and **Kier** (£5.99) for the second time were purchased, but following a sudden sharp fall **Kier** were sold (£5.006)

It was agreed that a separate Social fund account should be opened, (£100 from the Administration account) and the Social Committee reported that the next Fine Dining experience would be at Rocco's 2 in Biggleswade on 9th November.

By September, the Unit price was again lower at £0.8420

Scs Upholstery (£2.27) and **Luminar** (£7.628) were purchased, and **Majestic Wine** (£3.862) was sold. **Luminar** soon fell and were disposed of (£6.462) in accordance with the stop loss policy.

Peter Phillips had again appeared on Bloomberg Money TV, and a videotape of the event was viewed at the meeting.

The Treasure Hunt / Hog Roast event was a resounding success although the route was maybe a little too long or complex in its content.

The club received a block invitation to Marion ("The Crown" Landlady) and Frank's wedding reception, to be held at The Crown.

Mike Janes volunteered to purchase a gift with the contributions received from members, and a small piece of Moorcroft ceramic ware was presented to them by the Club Chairman at their Reception.

In October, the Unit price had fallen to £0.822, and the Portfolio was valued at £3333.32, containing only shares from three companies but there was also £7692.64 in the Dealing account.

Shares in **Majestic Wine** again (£4.38), **Ottakers** (£1.676) also again, and **Morrisons** (£2.0493) were purchased following the meeting.

Champions Reports were standardised to include: Price, Graph, Recommendation to hold or sell, Stop loss recommendation, News, Major Dealings, Directors Activities, and Validation of original reason for purchase.

A lengthy discussion took place about the state of the stock market, the club's stop loss policy and investment strategy. It was agreed that the club should be at least 50% invested at this time, subject to shares meeting the club's criteria.

In view of the fact that club membership was now full, it was agreed that a waiting list for new members would be operated.

It was also agreed to donate six club tee shirts to the Crown staff, in recognition of their support and to increase club profile.

November saw the Unit price increase slightly to £0.835, the Portfolio value being £6558.23 with a further £5142.38 awaiting investment in the Dealing account. It was decided not to purchase any shares at that time, but preparations were well under way for the Annual Christmas Dinner, to be held at Ickwell Bury.

By December 13th the Unit price had fallen yet further, this time to £0.8047 which apart from October 2001 (fairly soon after the September 11th. atrocities) was the lowest ever. There were only four shares left in the Portfolio, valued at £4134.33 and a further £7641.83 was held in the Dealing Account, total £11776.16 in the Treasurer's Report.

Following the December meeting, our holdings in **Ottakers** (£1.7025, loss 1.3%), **CRC Group** (£2.365, profit 6.3%) and **Carpwright** (£5.775, loss 9.1%) were sold and shares were purchased in **Easyjet** (£3.0816) and **Greene King** (£6.8958). The CRC Group shares had been suspended for a time whilst negotiations took place for a reverse take-over. In the event, the take-over was aborted, and when the shares were reinstated to dealing status they fell considerably, to below the stop-loss point. A great shame, as they were showing a profit of well over £200 prior to suspension.

On Saturday, 14th December, the Annual Dinner took place. A marvellous event thanks to the efforts of the Social Committee comprising Pam Field-Webber, Frank Holloway and Tony Cooke. 69 members and invited guests celebrated in style. Dinner Jackets, Evening Dress, fully decorated Christmas tree - the full works!

At close of business on 31st. December the remaining Portfolio of five shares was valued at £5040.89 plus £6631.17 cash totalling £11672.06 according to our Charles Schwab account.

Our stop loss policy had had the effect of considerable damage limitation but had not prevented a disappointing result for the year even though we had again beaten the FTSE All Share Index, this time by 9.12%.

Two of our three prescribed aims had been fulfilled however. We had lots of fun, learnt a considerable amount about shares and share dealing, but had not made money. Apart from the ProShare Competition win that is!

2003

Chapter 5; Fine Tuning

New Year's Resolutions were made to achieve certain targets, viz. to have a structured Training slot at each meeting, to present Company research in a uniform manner with all members competent in doing so, to be ahead financially by the year end, to win the best performing Investment Club in 2003, to develop alternatives to our "Growth" selection criteria policy, and to increase members attendance at social events.

The waiting list for membership numbered two at that time.

By the January meeting our holdings in **Easyjet** (a very quick loss of 18.6%), and **William Morrison** (loss 9.8%) had been sold. A zero stop-loss was set for Majestic Wine, and any deterioration from the current price would trigger the sale of this holding.

No new purchases were agreed.

It was intended to research into placing some funds into a high interest account and examination of other investment vehicles such as gold, but neither of these was ever implemented due to the complexity involved.

In February, the monthly meeting was held at Jordans factory in Biggleswade by courtesy of Ed Olphin, who provided the facilities for Andy Field-Webber's presentation after a very interesting and informative conducted tour of the factory.

Andy then amplified his proposal for a future investment strategy following the New Year resolution. His idea was to diversify investment into other areas such as Recovery and Income in order to achieve a balanced portfolio. Exchange Traded Funds were tabled as another alternative, although these were later discarded.

Majestic Wine was sold at £4.8075 (a profit of 7.2%) having touched its stop-loss, but by the year end this sale had proved to be a big mistake. No purchases were made

The Social Committee had earlier taken over the organisation of the Annual Pancake Race in Ickwell, and reported that all was set for a successful event.

Club members had heard of a competition for Broadband connection to the village had been instigated, and a working party was set up to investigate and enter if appropriate.

March saw Tony Cooke present a systematic method of assessing Growth Companies in his training slot. This further evolved into an Excel spreadsheet designed by Graham Disney based on The ProShare Investor's Toolkit to standardise Share Appraisal which was enthusiastically adopted, and the new investment strategy was put in place.

Implementation was to be driven by three Groups, the proportions then allocated shown in brackets: Growth Shares (35%), FTSE 100 Exchange Traded Funds (16%), Income Shares (25%), Recovery Shares (8%), with 16% cash reserved for undefined opportunities.

ScS Upholstery was sold at £2.083, a loss of 8.3%, leaving Greene King as our only holding. Even this was showing a loss of about 10% by the time of the meeting, not far above the agreed stop-loss.

Things were not looking good!

The competition entry for Broadband, which had expanded to include the village as a whole, had been submitted on behalf of the Parish, and had been accepted by EEDA.

Frank Holloway confirmed that £534.32 had been raised at the pancake race and donated to the Northill & Ickwell Playgroup.

In April, Charting was the training topic, presented by Nick Slaymaker, and trading had resumed at last this month. It had clearly not been as successful so far as we had hoped but the Income Group had by now prioritised selection of **Lookers** and **Hardys & Hansen** which were then purchased at £1.8163 and £3.77 respectively.

The Growth Group announced that they were researching Biotrace, Wimpey, MFI and Persimmon, but were not yet ready to select and recommend. The Recovery Group had refined its broad definition and was in process of completing details of the criteria for this section.

It was further agreed that share proposals would be voted on by members at quorate meetings to support conditional "buys", each Group to decide the timing of the purchase of its holdings without further reference to the membership at large. The Unit price was £0.7843

The Growth Group recommended **Wimpey** and **Persimmon** in May, and the Recovery Group had selected **Colt Telecom**, and **Kier** for the third time. No recommendations were proposed by the Income Group.

Purchases were later made in all these Companies, at £2.881, £4.3069, £0.4996 and £4.994 respectively. Four members attended the ProShare Investment Club Awards at the Law Society's Hall in Chancery Lane hoping for a similar result to last year.

However, although the Club did not win an award they were not altogether disappointed, as Tony Cooke featured as runner-up in the "Overall Best Investment Club Member in 2002", and Mike Janes accepted the Certificate on his behalf as Tony was unable to attend due to a business commitment despite undercover pressure by Tony's wife, Margaret, who had secretly been advised that there was a potential award in the offing.

The Social Committee reported an extremely successful Clay Pigeon shoot, which was attended by a reporter from Radio 4, and to our delight selected snippets were broadcast on the following Monday.

The May AGM saw the election of officers as follows:

Chairman	Peter Phillips
Deputy Chairman	Keith MacBrayne
Hon Secretary	Mike Cowell
Deputy Secretary	Mike Janes
Hon Treasurer	Mark Woodman
Deputy Treasurer	Andy Field-Webber

The maximum service as officer was confirmed to be 2 consecutive years, and Tony Cooke & Paul Akerman were both re-elected as Club Auditors.

At the June meeting Keith MacBrayne gave a further view of charting, applied to buying and selling.

The Income Group recommended purchase of **First Choice Holidays**, and the FTSE Tracker Group chose **Royal Bank of Scotland** in preference to Alliance and Leicester. Purchases were made by both Groups later that month at £1.135 and £17.684 respectively.

The Recovery Group reported that **Colt Telecom** had been sold during the month at £0.6755, having met the stop-loss, but still realised a nice profit of 31.8% after dealing costs. Although this correctly followed the stop-loss policy, in the event it turned out to be premature.

On the Social side, the Fine Dining Section reported a superb event held at The Pink Geranium.

In July a further revision was agreed in that the maximum number of holdings should be 11, split in the proportion of Growth 4, Income 3, Recovery 3, FTSE 1. No alterations were made to the allocation of funds, but a new maximum of £2000 was set for each holding at the discretion of the championing Group, and the minimum purchase cost per holding remained at £1000.

The Growth Group presented Biotrace and MFI, and subsequently **Biotrace** was selected for purchase, which took place at £1.197.

The Recovery Group presented Unilever, Marlborough Stirling and Provalis.

Unilever and **Marlborough Stirling** were selected from this group and were later purchased at £5.1345 (Unilever) and £0.3678 (Marlborough Stirling), whilst **Kier** had been sold at £5.0537, a loss of 1.7%.

A great day was had by all participants in the Wyboston Lakes sporting event, as usual wonderfully organised by the Social Committee.

Beyond the Zulu Principle was the subject of the August training slot, presented by Keith MacBrayne.

After lengthy discussion the Entry fee for new members was raised to £100, and it was agreed not to propose an alteration to the Constitution to increase membership numbers, despite the waiting list.

First Choice Holidays was sold at £1.1715 representing a loss of 0.3%.

The club now had 9 holdings in the portfolio, valued at £11233 plus cash reserves of £6120, with the Unit price at £0.8858, and trailing stop-loss positions varied between 7½% and 15%.

According to the Treasurer's Report all members now showed a profit from start of trading in 1999. This hadn't been the case for some long time, but at last even the six remaining Founder members showed a small profit without counting the proceeds from the 2001 ProShare Competition success. All the other members had been in that position for some time.

Resignations had been received from founder member David List, who had long ago moved from the area but had remained in membership until he could realise a profit, and Helen Jackson and Pam Field-Webber, two of our three lady members, also resigned for different reasons.

After discussion at the September meeting it was agreed to fine-tune again, this time to dispense with the cash and FTSE allocations, and re-allocate into Growth 40%, Income 30% and Recovery 30%. The maximum number of holdings was revised to a total of 10, each with a minimum purchase value 10% of the portfolio value for future holdings.

It was also agreed that the financial allocation of each group should apply at the point of purchase or decision at a meeting. Thereafter, if a share increases markedly in value (thus distorting allocations) it need not be sold to restore allocations unless the stop-loss applies or a decision to sell is made at a monthly meeting of the Club.

The holding in **Lookers** was sold at £2.7037, a profit of 49.4%.

The Annual Treasure Hunt bike-ride was, as usual, brilliantly organised. Beautiful weather enhanced a well supported event with clues composed by Andy Field-Webber followed by a lovely barbeque held this time in Tony & Margaret Cooke's garden and supervised by Frank Holloway. What more could we ask?

In October two new members, Chris Rose and Chris Friend, were both confirmed as having been elected by e-mail voting in accordance with Club rules. Nick Slaymaker had visited the Refs Investor Show, subsidised by the club, and having met Jim Slater and other financial personalities at the event reported the details to the club's monthly meeting.

Stocks were again re-allocated, this time in the proportion of Growth 5, Recovery 3, Income 2, to reflect the Group's view that Income stocks had become less attractive at current prices.

The Recovery Group recommended that **Impax Environmental Markets** (an Investment Trust) be purchased, the Growth Group recommended **Tribal**, and the Income Group suggested **Ottakers** (again). All these were accepted by members and later bought at £0.5595 (IEM), £3.844 (Tribal) and £3.2478 (Ottakers).

The purchase of Kier shares was also agreed in principle for the Recovery Group to consider, although this had not been actioned by the year's end.

Royal Bank of Scotland and **Unilever** were sold at £16.0144 (loss 12.4%) and £5.231 (loss 0.2%) respectively. The Club unit price then stood at £0.9009, its highest level since May 2002.

On the social side, the Greensand Ridge bike-ride was adjudged a super day and the Social Committee were requested to consider repeating the event next year.

The November meeting saw agreement to include "Reserve" shares in each Group's selection. This would allow for situations such as when a holding is sold between meetings, the Group in question can purchase another holding which has already been approved without waiting for the next meeting, provided that Group members agree by majority that the timing is right.

Persimmon, **Wimpey**, and **Hardys & Hanson** had all sunk to their stop-loss and were sold during the month at profits of 9.2%, 15%, and 8.7% respectively, the first two having additionally contributed to cash by way of dividends received.

Two of three proposals by the Recovery Group were accepted by members, **Corus Group** and **Oxus**, whilst Provalis which had again been recommended, was rejected. The voting in the latter case was 5 for, 5 against and 1 abstention, but it transpired later that for some unknown reason a properly given proxy vote by Alan Rix in favour of selection had been overlooked.

The Growth Group proposed **Telecom Plus** and **Chemring Group**, both of which were immediately bought for £3.365 and £3.846 respectively.

Gillian Thurston, our one remaining lady member, resigned with effect from this meeting due to other commitments.

Unfortunately, the proposed November Quiz night had to be cancelled due to a clash of dates at The Crown.

The December monthly meeting was also cancelled due to a large number of members' commitments elsewhere, but the Treasurer's Report indicated a Club Unit price of £0.8640, compared with £0.8047 in December 2002, a rise of 7.4% for the year.

This was at least nearing the result that we had hoped for in March, when the unit price was at an all time low of £0.7737, and an improvement of 11.7% showed since that time.

Biotrace was sold (at £1.1712) in the middle of the month having dropped quite suddenly from a good profit position to below the allotted stop-loss. Disappointingly, a loss of 5% including Dealing costs had to be recorded.

The Annual Dinner, once again held in a wonderfully decorated Barn setting at Ickwell Bury on December 13th, was reported in great detail in the Biggleswade Chronicle, being attended by 72 members and guests in great style, with a rich assortment of Raffle prizes having been donated by members and guests alike.

After one more sale, **Marlborough Stirling** at £0.4312 which realised a profit of 12.8%, the club finished on 31st December with 18 members. Four members including one Founder had left the club and two new members had joined during the year.

On that last day the 5 holdings remaining were valued at £8238.87 plus £7547.66 cash in the Dealing account, a total of £15786.53, against £11672.06 at the end of last year.

Further research indicated that the club had made a net loss of £120.88 (0.34%) on *all past holdings* since its inception in 1999, but Dealing charges and Stamp Duty amounted to £1002.36. Thus we had lost £1123.24, or 3.11% gross on past trading in stocks no longer held during the exceptionally difficult period since we started trading.

The position of current holdings was somewhat better, a profit of £643.42, representing 8.47% of the cost of shares still held.

With subscriptions of £5725 and payment of members leaving costs amounting to £2892.03, it is calculated that the club showed a profit of £1281.50 (10.98%) for the year's trading.

The Riskgrade for the portfolio was recorded at 25, suggesting a conservative investment strategy.

The final Treasurer's Report for the year appeared on the face of it to show that the Founder members were once again in a small overall loss position, although those reports are designed never to take into account the 2001 ProShare competition win or the unit allocation following David Irving's resignation. If revised to take these into account the records show that all members were now in profit.

The Administration account held £347.48 having loaned £500 to the Social Fund to enable social events to function independently.

As far as Broadband is concerned, the club's input resulted in Bedfordshire although not Northill directly, obtaining some funding. Soon after, Val Urtone, who lives quite near "The Crown", took up the bâton. The Northill exchange which had a trigger level of 100 registrations set on 11th. November subsequently reached that level by 5th. December.

This had increased to 147 by 31st. December, and Northill is number 22 on a list of 162 exchanges listed chronologically from the date of achieving the Trigger level.

All in all 2003 had been a reasonably satisfactory year particularly given the slow start demonstrated by a reluctance to re-invest quickly enough after last year's downward market trend. However, the FTSE 100 Index had increased by 13.61% over the period whereas the Club performance indicated an increase of only 10.98%, suggesting that there is room for improvement in our trading selection or strategy.

The dip in the Club Unit Rate in November and December was also disappointing after seven months of consecutive increase but it was felt that although our stop-loss policy had not always worked in our favour, we had fine tuned our selection methods, improved our knowledge, and we all agreed that the Social Committee had once again done a tremendous job and we had achieved our main objective of having fun.

We had therefore met the resolutions we had set out in January, except that we were not prepared to hold our breath when it came to submitting our entry for the most successful Investment Club of 2003!

2004

Chapter 6; Astonishment

Having achieved a performance of only plus 10.98% in 2003, it was generally agreed at the January meeting that we had over-traded during the last year. In fact records showed that we would have been better off by about £3000 if we had not traded at all!

However, resolutions for this year were to reach a target of £25000 in the Dealing account, to retain all existing members and fill the two vacancies, and to be fully invested as often as possible.

Very early on **Chemring** was sold at £3.44 losing £189.84 or 12.5%. **Oxus Gold** was then purchased at £0.8235, but soon dropped below its stop-loss and was sold on 28th January at £0.6455, representing a very quick loss of £355.63 or 23.4%.

Synergy Healthcare and **Dicom** were purchased (733 @ £2.725 and 272 @ £7.3313 respectively)

Ottakers was also sold at £3.60, but happily showed a profit of £131.22 or 8.6%.

At the same time the stop-loss on Greene King was narrowed to 10%.

Following the success of the Annual Dinner, £400 of the £500 loan was repaid to the Administration account from the Social Fund, much sooner than expected, and a list of Social events for 2004 was circulated.

A Buy-back policy was proposed where champions of formerly held stocks would alert members if the ex holding reached a level of 20% less than the sale price, and with proposals for further mechanisms to be discussed in February.

Nick Slaymaker took the Training Slot, demonstrating the details of the Ample website, and Chris Rose was tasked with investigating the details of setting up a Club website.

On the issue of Broadband, a statement was issued indicating that Northill exchange would be connected on 2nd. June 2004. The initiative which the Club had started in February 2003 suddenly seemed to be all but concluded.

In February **Artisan** was purchased at £0.0285 as a long shot or "punt", **Centrica** was purchased at £2.1711, **Ottakers** re-purchased at £3.7463 and soon after, **Topps Tiles** was purchased at £6.52 making a portfolio of eight stocks of the specified maximum of ten.

Greene King was going great guns having reached £9.545 before the month end.

Comprehensive research was carried out on the effects of various stop-loss X factors on past holdings for presentation to the March meeting.

We entered the ProShare competition as usual, and were delighted to be informed later that we had been included in a short-list of five for the main award.

Once again the club organised the Ickwell Green annual Pancake Race. Unfortunately, the weather was cold and wet in the morning, reducing the numbers of participants and audience alike. The event was nevertheless adjudged very successful and over £500 was again raised for local children's groups.

March saw the presentation of the X factor research and after lengthy discussion it was decided that each of the three Groups could set their own stop-loss level for the holdings in their care, but with a maximum of 25%, and that previously held shares could be re-purchased if certain conditions prevailed and the Group in question agree by majority.

Having quite suddenly reached its 15% stop-loss **Dicom** was sold at £6.40, a loss of 14%, but **Corus** was purchased at £0.4093 and another tranche of **Topps Tiles** was purchased at £7.45 leaving us with eight holdings and as fully invested as we had been for a very long time.

Three members, Peter Phillips, Tony Cooke and Mike Janes attended the Awards Dinner in The Porter Tun Room at The Brewery, Chiswell Street, London, a truly magnificent setting for the several hundred diners. In the circumstances it was a pity that more of our eighteen members could not be there.

As the evening wore on various clues were dropped leaving us to believe that we could seriously be in the running for an award. The final, and major, club award to be presented by Justin Urquart-Stewart was The Investment Club of the Year (2003).

The shortlist was highlighted on the screen. It was a contest between the Millenium Materialists, the Midas, the Roysia, the Giddy Aunts, and the Crown Cycling Circle. When the presenter started to talk about cycling around the country lanes, we looked at each other and, **yes**, it really was us!

To loud applause and the strains of "We are the Champions" we walked the walk to the podium to collect the trophy and a cheque for £1000. We simply had not expected to collect our second major award within three years, and not forgetting Tony Cooke's runner-up certificate last year. What joy!

Many Club members celebrated in the Crown on the following Friday, which date also coincided with Mike Cowell's retirement, and the glass trophy was put on display behind the bar where it will remain for the next twelve months.

At the April meeting it was confirmed that the prize money would not be added to the Dealing account, but would be "ring-fenced" to fund visiting speakers at future dinner meetings and partially subsidise the costs for members, and that the three members who attended the awards dinner should be reimbursed their ticket costs from the Administration account.

Peter Phillips announced that he had been fortunate enough to get Justin Urquart-Stewart to the first of these events, to be held in July, after discussing the matter at the Awards Dinner.

It was agreed to purchase William Morrison (again) and Galen Holdings. **Morrison** was bought at £2.4969, but although Galen had not been bought by the end of April, the club was over 90% invested at that time.

As Inland Revenue requirements had changed, it was agreed that the available specialist software should be purchased to avoid excessive work by the Honorary Treasurer, and Frank Holloway tabled the detail of seven of the proposed activities on behalf of the Social Committee.

The AGM, to be held in May 2004, would see the completion of the first five years. Having started in March 1999 with nine founder members and no funds, the club now had eighteen members and a portfolio valued at over £17000. Five founder members remained by this time, and it was considered in all aspects that the club had been a resounding success.

Members		Post	Research Group
Peter Phillips		Chairman	Recovery
Mike Cowell		Hon. Secretary	Growth
Mark Woodman		Hon. Treasurer	Income
Keith MacBrayne	(FM)	Deputy Chairman	Income
Mike Janes	(FM)	Deputy Secretary	Recovery
Andy Field-Webber		Deputy Treasurer	Recovery
Paul Akerman	(FM)	Auditor	Growth
Tony Cooke		Auditor	Growth
Frank Holloway		Social Secretary	Growth
Graham Disney	(FM)		Income
Frank Fattori			Recovery
Chris Friend			Income
Stuart Goldspink	(FM)		Income
Ian Kennedy			Income

Ed. Olphin
 Alan Rix
 Chris Rose
 Nick Slaymaker

Growth
 Recovery
 Growth
 Growth

At 31.12.2003

(FM = Founder Member)

Past Members

Allnutt, Brian Ashcroft, Ian	(FM)		
Barron, John	(FM)	Honorary Secretary	1999
Carnegie, Neil Coupe, John	(FM) (FM)	Chairman	1999
Field-Webber, Pam		Social Secretary	2002
Irving, David Jackson, Helen Jarvis, Nigel	(FM)	Social Secretary	2000
List, David	(FM)		

Mason, Stuart (FM)
Milton, Stephen

Thurston, Gillian

Usher, Tony

(FM = Founder Member)

Contact Details

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Keith MacBrayne	627320	keith@lifeworks.fslife.co.uk		
Mike Janes	627582	mikejanes@btinternet.com		
Andrew Field-Webber	627244	manorcottage.northill@virgin.net	or	aifield-webber@statestreet.com
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Tony Cooke	627075	tony@designprint.co.uk		
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At 31.12.2003