



## THE WHITMAN INVESTMENT COMPANY

Date: 1/31/18

**Meeting opened:** Call to Order at 12:03 by Mikaela Slade

Motion to approve last week's minutes. Approved

Motion to approve minutes from two weeks ago. Approved

Summary of today's agenda by Mikaela Slade.

Motion made to approve agenda by Mikaela Slade. Approved.

### **Discussion Points**

#### **Trustees Present on GameStop**

- review historical prices, overall negative
- Key financials, overall cheap, high dividend, shrinking revenue
- Business Model: brick and mortar retail of video games, expanding into selling phones for AT&T
- retail revenue up 2% TTM
- Industry Overview: primary competitors = best buy, amazon, target, Walmart. Low barriers to entry,
- Managed Discussion: Former CEO- pushing for more acquisitions, New CEO- with GME since 2002, CFO- primary experience in telecom
- Executive compensation: has gone down with share price
- SWOT: only large videogame retailer, bad customer relations, high fixed costs relative to Amazon, expanding into cellphones, lots of industry competition,
- Valuation: DCF (assumed negative growth rate) significant upside, EPV (assuming no growth) over 100% upside
- Conclusion: recommend buying \$25,000. Good for diversification

#### **Discussion on GameStop**

- market probably over estimating fall of brick and mortar industry
- possible risk with expansion into cellphone market
- steady dividend, but risk if they cancel dividend
- exclusively a retailer

#### **Kyle Fix makes motion to buy GameStop (\$25,000)**

In favor: 14

Opposed: 3

Abstentions: 1

Motion Passes

**Kyle Fix presents on Schlumberger (a current holding)**

Oil contractor

Investment thesis- SLB will go up with oil, and SLB is largest oil contractor in the world

Underperforming oil prices

Fracking if cutting into SLB's profits

Sell Thesis: underperforming oil, shrinking returns (ROA and ROE), low levels of innovation, over valued

**Motions to sell all of SLB holdings**

In favor: 13

Opposed: 4

Abstention: 4

Motion passes

**CEO Concludes**

Trustee applications open until midnight tonight, mock CFA completion applications still open

**Adjournment:** Mikaela Slade: motion of adjournment at 12:48.

Motion passed. Meeting adjourned.