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Subject: Minutes of the Breakfast Club, February 27, 2017

### Minutes of Breakfast Club – February 27, 2017

Seventeen people attended the Breakfast Meeting this morning. The first hand-out was a short history of the F.W. Woolworth stores (5 & Dime stores). This week was the 139<sup>th</sup> anniversary of the founding of these stores by Frank W. Woolworth in Utica, NY. This store didn't last long, but his next opening was in Lancaster, PA, which was very successful. Frank, his brother and a cousin opened up more than 1150 stores all over the world. The Woolworth company was on the NY stock exchange for over 100 years and in 1913 built the tallest building in the U.S. for 13.5 million – all paid in cash. His idea was to let the public see the price, feel the merchandise and sell everything for very low prices. The nickel and dime of 1935, in today's market, has the purchasing power of 75¢ and \$1.50, which keeps hundreds of Everything-Costs-A Dollar Stores in operation. The division of those Woolworth stores that we see today is called "Foot Locker". Foot Locker in 2009 was priced at under \$4 per share and today it is over \$75.00

Another hand-out was the current value of "The Small Dogs of the Dow" which was created a year ago. This hypothetical portfolio was made up after a discussion of the Dogs of the Dow at our breakfast in Feb. 2016. These "Dogs" gained 16.07% in one year, but the S&P 500 ended up 25.13% and the Dow gained 25.13%. As you can see, this strategy didn't work this time, but historically it has a very good record.

Peter Crouse gave a paper on "How Border Adjustment Poisons Tax Reform" by Phil Gramm. This policy is protectionism and it would open America to retaliation from other countries and probably start a trade war.

Jim Patterson gave a paper on: "Future Phones – Tech you can see and touch". Phones of the future will focus on fashion now that we have just about everything we already have on our current phones. The fashion leaders are Korea, Japan and China – see what this implies!!

Gary Genga gave a hand-out on his sample portfolio. I will have to ask Gary to explain it again to me because I was distracted at the time. Paul Gorman gave a hand-out on the competition between colleges and universities to come up the highest returns on their endowed portfolios. It is very closely matched, but it seems that the John Bogle Model always gains a slight edge over the other models.

Stephen Curry and Paul Gorman gave us the figures on our two make-believe portfolios. #29 is up 15.06% which beats the S&P and the Dow, but slightly lags the Nasdaq and it's about the same for #30. Portfolio #29 is led by Frank Castrignano's selection of Lantheus (up 171.5%) and port #30 is led by Marvin Hoffman's selection of Himax Technology – up 28.3% in only 6 weeks.

Frank Castrignano came up with the answers to the trivia questions: 1) what is the oldest university in the U.S.: answer is Harvard and 2) who is the only President we had who had a PhD ? answer is Woodrow Wilson.

Much discussion on many topics led to an interesting morning. Hope you all can come to our next breakfast which will be on March 27<sup>th</sup>.

Jeff Fraser.  
My e-mail is [JFRASER357@AOL.COM](mailto:JFRASER357@AOL.COM) if you need to reply.  
Thanks.

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