

My Personal Investing Journey

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July 5, 2017

Personal Background

- Why am I here? - Evoke Pharma
- Background
 - BS - Economics (concentration in finance and IT)
 - Book on correlation of Low PE ratios and gains
 - Paper on importance of future PE ratio, not trailing
 - MSTM - Computer Systems Applications
 - Accounting - All coursework except Advanced Auditing
- My Father - Closed End Investment Companies (NAV)
- IRS - 18 years (mainly in IT)
- Broadvision
- Early Investing - Mutual Funds and Dollar Cost Averaging

Results

- 7.44% a year since 2009
- after 2.5% average drawdown since 2009
- Not impressive? - Remember this is a retirement portfolio and income oriented
 - Yield on income investments = 7.93%
 - Non retirement = 6.85%, Retirement = 9.73%
- Draw down from taxable assets
 - Not drawing retirement (Roth)

A tale of two investments

- ACLN
 - Ship used cars from Europe to Africa for resale
- GGP
 - “A” List Shopping Mall REIT
- Lessons Learned -Kahneman and Tversky

Buy and Hold Forever

- Great Idea because you avoid capital gains “transaction” taxes
- My reality - The world is changing rather quickly
- Do you believe capital gains are income?
 - Counter argument is that long term capital gains taxes are cheaper than income tax rates.
 - My bias - You can't count on capital gains; you can count on cash flow.

Turning Points

- 2000
- 2008-2009
- July August 2014
- October 2014
- December 2015
- February 2016
- June 2017?
- You can't time the market

What do you do when?

- You bought a stock and it went up but now you think it is fully valued?
- You bought a stock and it went up but now you think it is overvalued?
- You bought a stock and it went up some but not as much as you thought it should?
- You bought a stock and it went down and has stayed down?
- You bought a stock and it has stayed about the same?
- Do you know when you buy a stock
 - What you believe or hope it is worth?
 - What might go wrong that could make you change your evaluation of its' worth?

Income and Wealth

- Portfolio for Income (or cash flow) - 75%
- Portfolio for Growth of Wealth - 25%
- Barbell Philosophy
 - Buy safe income (Undervalued) = PE less than 11, Yield greater than 9%
 - Buy undervalued speculations based upon professional estimates
 - What is undervalued? = Must be possible double or better
- Dead Money
 - Is cash dead money?
- Bonds and Preferred Stocks
- What about risk and safety

Income Holdings – Keepers (lol!)

Name of Holding	% of Taxable Portfolio	% of Non-Taxable Portfolio	Current Price	Purchase Price	Yield%	Date of Purchase
Colony Northstar	1.20%	0.00%	14.09	3.88	7.,67%	Aug 2011
Cone Midstream	1.15%	0.00%	18.95	8.14	5.95%	Feb2014
Enviva Partners	1.51%	1.51%	27.50	14.33	7.67%	Dec2015
Macquarie Infrastructure	7.96%	0.00%	78.40	5.50	6.73%	May2009
Magellan Midstream Partners	3.62%	0.00%	71.27	16.22	4.9%	May2009
Sun Communities	2.6%	0.00%	87.79	14.46	4.60	May2009

Income Holdings – Non Bank Banks

Name of Holding	% of Taxable Portfolio	% of Non-Taxable Portfolio	Current Price	Purchase Price	Yield%	Date of Purchase
Apollo Comm. Real Estate	1.18%	0.63%	18.55	16.17	9.92%	Feb2015
Ares Capital	1.05%	0.00%	16.38	14.03	9.28%	May2009
General Growth Properties	6.28%	0.00%	23.56	0.68	3.74%	May2009
Ladder Capital	1.25%	1.65%	13.41	11.16	8.95%	Feb2016
Lehman Toys R Us Certificate	0.71%	0.81%	7.94	7.98	9.76%	Aug2016
New Residential	1.25%	3.39%	15.56	12.61	12.86%	Nov2014
New Senior	0.00%	0.71%	10.05	16.66	10.35%	Nov2014
Peregrine Preferred	1.46%	0.82%	21.53	23.09	12.19%	Aug2016

Income Holdings – Resource and Logistics

Name of Holding	% of Taxable Portfolio	% of Non-Taxable Portfolio	Current Price	Purchase Price	Yield%	Purchase Date
Ciner Resources	0.00%	0.93%	27.40	22.50	8.28%	May2014
Crius Energy Trust	0.44%	0.81%	7.99	6.12	6.08%	Dec2016
Green Plains Partners	0.55%	1.11%	18.70	14.27	9.41%	Dec2015
8 Point 3 Energy Partners	1.54%	1.42%	15.13	12.94	6.98%	Mar2017
PBF Logistics	0.85%	1.65%	19.50	18.39	9.44%	Nov2016
Sprague Resources	1.08%	2.39%	28.20	22.35	8.4%	Nov2015
USD Partners	0.66%	0.76%	11.20	11.92	11.96%	Sep2016
Capital Products Partners	0.43%	0.98%	3.40	3.12	9.41%	Jun2016
Golar Energy Partners	0.00%	1.19%	20.07	18.38	11.51%	Aug2016
Knot Offshore Partners	0.00%	1.07%	22.95	16.44	9.06%	Jul2016

Speculative Holdings

Name of Holding	% of Taxable Portfolio	% of Non-Taxable Portfolio	Current Price	Purchase Price	My target price	Date of Purchase
Avita Medical	0.68%	1.04%	1.23	1.25	4	Sep2015
Biodelivery Sciences	1.15%	1.08%	2.80	2.80	4	Aug2016
Conatus Pharma	0.34%	0.56%	5.76	5.21	10	Jun2017
Cytodyn	1.14%	0.98%	0.75	0.79	7	Dec2015
Evoke Pharma	0.80%	0.97%	2.56	2.50	9	Jan2017
MMA Capital	0.00%	0.93%	22.10	18.35	50?	Jul2016
Navidea Biopharma	0.00%	1.61%	0.51	1.32	1.50	May2015
Ocular Therapeutics	0.00%	0.78%	9.27	9.22	16	Feb2017
Omeros Corporation	1.77%	0.00%	19.91	11.40	15	Jul2016
Redhill Biopharma	0.91%	0.68%	8.58	10.15	25	Apr2017
Synergy Biopharma	1.09%	1.02%	4.45	3.98	10	May2017

Biotech prospects

Additional Decision Rules

- Phase 3?
- Profitability (cash flow) within two years estimated
- Target Price and Range
 - Accept lowest target price in range as personal target.

What Else?

Name of Holding	% of Taxable Portfolio	% of Non-Taxable Portfolio
Dead Cash	3.54%	7.26%
Aegon Scottish Equitable	0.00%	2.28%
NW Mutual Annuity	0.00%	1.26%

How do I find prospects

- General Reading - financial newspapers for economic environment
- Reading financial touts
 - Seeking Alpha, Yahoo, Forbes, etc.
- Do I get past the title of the article?
- Do I get past the first few paragraphs?
- Initial due diligence?
 - Chart, Recommendations, Estimates & Future PE, Institutions, Insiders, Past EPS (Bigcharts/NASDAQ)
- Deep Dive?
 - Articles relating to, Last Earnings Report, Last conference call

Tracking holdings and prospects History Documents

- One for each security
- Organize in files by Category
- Source and Date
- Profile
- My Current Analysis (Update quarterly or when any significant news arrives)
 - Recs, estimates, Target (if Biotech), Recent Insider, Institutions - Description of what could be the good news or bad news
- History
 - Articles (Most recent first)
 - EPS Summaries
 - Old Analysis
- Earnings Reports, Earnings Call Summaries, Shareholder Letters

Prospect Lists

The magic number 7 plus or minus 2

Immediate Prospects	Biotech	Sleepers
Growth Prospects	Biotech Special Situation	Growth Sleepers
Non Bank Bank Income Prospects	Biotech Sleepers	Special Situation Sleepers
Logistics & Resource Income Prospects	Biotech Deep Sleepers	Non Bank Bank Income Sleepers
Special Situation Prospects		Logistics and Resource Income Sleepers