

As Oregon Winery Shareholders, D.C. Group Savors a Product Discount

Club Likes to Raise a Glass to a Portfolio Favorite

by the Capital Capital Investment Club of the Washington, D.C., Region

The Capital Capital Investment Club was established in late 1996, mostly by information technology professionals from Fannie Mae and Electronic Data Systems in the Washington, D.C., metro area who wanted to learn more about investing in the stock market. The BetterInvesting methodology provided a sound foundation to build on.

Membership peaked at 10 members after the first couple of years, with new members joining from other professions and some charter members leaving over time.

Since the beginning, we've weathered the dot-com bubble and the Great Recession, making investment adjustments as necessary to meet the market's demands. And, as a result, we've earned healthy returns to date. We now meet once a month in Bethesda, Md., and still contribute dues at every meeting. We're committed to increasing our capital — in the nation's capital!

Over the years, our philosophy has evolved from a strict adherence to historical revenue and income metrics to a Warren Buffett and Benjamin Graham-type approach, which includes numerous other factors:

- Is there a strong management team in place?
- Is the book value of the company worth more than the company's current market capitalization?
- Do we understand the company?
- Do the management team and stakeholders have skin in the game?
- Has this company been around long? And will the company be around in the next 10 years?

A few years back, a club member was researching the wine industry and stumbled on a jewel of a stock — Willamette Valley Vineyards (ticker: WVVI) — located in Turner, Ore. At the time, Willamette Valley was the only publicly traded vineyard that didn't roll up into a much larger company. After numerous calls to the company and a direct conversation with the CEO, club members made a buy recommendation. *(Stocks are mentioned only for educational purposes. No investment recommendations are intended.)*

Our Reasoning

- The CEO was dynamic and the entire team was passionate about the product.
- The company had been in business for more than three decades.
- We understood the industry.
- The CEO is a large shareholder and the other shareholders are residents of Willamette Valley.
- The value of the land plus the inventory was worth



Capital Capital Investment Club.

Capital Capital Investment Club members, here with the East Coast representative for Willamette Valley Vineyards during a wine tasting at a member's home, left to right: Marjorie Klein, Paul Vander Voort, Wende Bennette (wine rep), Doug Palmer and Andy Cottrell.

“The Capital Capital Investment Club has added wine tasting to the monthly meeting.”

- much more than the company's market capitalization.
- Shareholders get a discount on wine purchases.

Results

- We're in constant contact with WVVI, and our club has been visited twice by regional sales representatives for private wine tastings.
- We have a club member who added a visit to the vineyard on her vacation agenda while in Oregon (and shortly afterward we purchased more stock).
- The stock is up around 50 percent from the original purchase price, and the company just released great earnings.
- The club enjoys the investor discount on wine and has added wine tasting to the monthly meeting.

Other Portfolio Preferences

Each member has a favorite holding and presents that holding annually. Here are recent favorites:

- Sirius XM Holdings (SIRI)
- SodaStream (SODA)
- Nation Oilwell Varco (NOV)
- Neogen (NEOG)
- American Tower (AMT)
- FactSet Research (FDS)