Stock case study: McMillan Shakespeare (MMS)

How I found this stock
I found this stock because it was trending upward when I read about it. It looks as though it may also have come up on my technical analysis scan for new 52-week highs.

Company profile
McMillan Shakespeare is the leading provider of independent salary packaging services in Australia. McMillan Shakespeare’s primary services include:

Salary Packaging
- Salary packaging benefit administration and processing
- Remuneration policy design
- FBT, GST and BAS reporting
- Motor vehicle lease management
- Information retrieval for FBT and GST compliance

Novated Leasing
- Procurement of motor vehicles and finance
- Arranging insurance
- Administration of fuel card programs
- Administration of service maintenance programs

Since entering the salary packaging market in 1989, McMillan Shakespeare has developed long-standing relationships with a variety of state and federal government agencies, hospitals, charities and private sector organisations.

McMillan Shakespeare Limited is an Australian public company headquartered in Melbourne, Victoria, and was listed on the Australian Stock Exchange ... in March 2004.
Source: http://www.mcms.com.au

Which model?
I first bought McMillan Shakespeare on 12 November 2009. At the close the day before, the chart looked as shown on the next page.

There was not a lot of history, so I have only shown the weekly chart. Nevertheless, the model is clear.

The chart begins with what may have been an accumulation pattern. The ensuing mark-up phase was followed by a sideways pattern. That may have been a distribution pattern, but the upward breakout confirmed it was consolidation. At this point we could have been looking at a growth model chart.
After a sustained mark-up phase, a rounded distribution pattern formed, confirmed by a downward breakout. From there the chart is clearly a value model example. The only difficult issue in interpretation has been the ragged and generally rounded character of the distribution and accumulation patterns. It was difficult to identify clear breakouts.

At the end of the chart, McMillan Shakespeare was trending upward strongly and had just made a new high for the trend.

Earnings and dividend quality

This was a very strong picture of consistent growth in earnings and dividends.

What is not shown on the graph, though, is that there is a distinct tendency for the second half of the year to be stronger in earnings than the first half.

Dividends follow a similar pattern.
Pre-purchase checklist

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PE Ratio</td>
<td>13.97</td>
</tr>
<tr>
<td>Div Yield</td>
<td>4.47%</td>
</tr>
<tr>
<td>Debt/Equity</td>
<td>0%</td>
</tr>
<tr>
<td>Market Cap</td>
<td>$287m</td>
</tr>
<tr>
<td>Av Daily Volume</td>
<td>135,000</td>
</tr>
</tbody>
</table>

At that time my checklist was rather simpler than it is now, so there were some things I did not record, but do now. See later.

At that time the market average PE ratio was 13.73. This put McMillan Shakespeare more or less at the market average, whereas my plan calls for a value model stock to be well below the market average.

The market average dividend yield at the time was 3.93%. The McMillan Shakespeare yield was higher, which was all right on my plan, though I would have ideally liked it to be higher.

There was no debt.

Market capitalisation was all right on my plan for at least a 2% of capital position. As we will see later, I chose to take the position up to 4% of capital. I will discuss this further later.

On balance, the very strong growth picture in the previous section encouraged me to accept the somewhat high PE ratio.

Chart analysis

On the chart I have marked the swings from the extreme low. Some of the price action was difficult to analyse in this sense, because the peak-trough move was more in the nature of a sideways pattern than a correction. This is not unusual in strong trends like this one.

One issue is marked on the chart. This was the expected resistance zone between the upper and lower boundaries of the 2007 distribution pattern. I reasoned that McMillan Shakespeare was trending upward strongly, so the resistance may not be a big barrier. This was especially the case
when I noted that the old distribution pattern was a rounding rather than sideways pattern. The real test may be at the highs of the resistance band.

**Set stop-loss**
On the above chart, I have marked the stop loss level which I set. The last downward move in the sideways pattern had a low of $3.90. I placed my stop loss at $3.85. In hindsight, this was not ideal because it is also a natural so-called round number. However, this does not matter that much at this point. It is a basis for the position size calculation. If the stop loss had been threatened with a move below $3.90, I could always act a little earlier, perhaps at $3.98 or $3.97. That would be a judgement at the time. The only thing I would never do is to lower the stop loss to below $3.85.

**Calculate position size**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Capital</strong></td>
<td>2,004,907</td>
</tr>
<tr>
<td><strong>Buy Price</strong></td>
<td>4.35</td>
</tr>
<tr>
<td><strong>Sell-Stop</strong></td>
<td>3.85</td>
</tr>
<tr>
<td><strong>Risk</strong></td>
<td>0.50</td>
</tr>
<tr>
<td><strong>% Capital to Risk</strong></td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Maximum Position</strong></td>
<td>20049</td>
</tr>
<tr>
<td><strong>% Capital to Invest</strong></td>
<td>4</td>
</tr>
<tr>
<td><strong>Position it buys</strong></td>
<td>18436</td>
</tr>
<tr>
<td><strong>Position allowed</strong></td>
<td>18436</td>
</tr>
</tbody>
</table>

McMillan Shakespeare was already trending. As such, I have now modified my investment plan to allow me to risk as much a 1% of capital. However, in this case, I stuck with my more risk averse rule of not risking more than 0.5% of capital.

Even so, that allowed me to buy a 4% of capital position. In hindsight, I wonder how wise that was. However, we will look more closely at the liquidity problem shortly.

On 12 November 2009, I bought 18,000 McMillan Shakespeare for the SMSF portfolio at an average price of $4.35. So, there was sufficient liquidity for me to buy.

However, buying into an upward trend can often be easy enough. The real test for liquidity would come on selling.

**Monitoring the position**

After I bought McMillan Shakespeare the price rose nicely. However, once it moved into the range of the expected resistance zone a correction set in. This was my first error of judgement. I should have better anticipated that development.

I think the reason I went against my usual judgement was that I was very keen at the time to put more capital into the bull market. McMillan Shakespeare had the momentum that I thought might overcome the resistance, but it did not work out that way. Hindsight also revealed another factor of which I was unaware.

The second error of judgement was much more serious. On 10 December 2009 the chart looked as shown on the next page.
The price had fallen to a low of $3.81, which had violated my stop loss at $3.85. I should have sold next day. I cannot recall now why I did not sell, but I was to pay dearly for not acting. This is a lesson which we should not forget. Sometimes we get away with lapses of discipline, but sooner or later we get a strong reminder.

By 15 January 2010 the price had moved strongly back above my stop loss and it looked as though I had escaped punishment for the lapse of discipline in not executing my stop loss:

On 22 January 2010 McMillan Shakespeare fell to, but not through, my stop loss at $3.85, as shown on the chart on the next page.
The next day this happened:

This is why we have stop losses. The market had sent me an invoice for the lesson in discipline. The 26 January 2010 is a public holiday in Australia and the market is closed. Therefore I could not act on this bar until 27 January 2010.

I sold the 18,000 shares on 27 January 2010 at three prices: 7944 shares at $3.21, 4758 shares at $3.23 and 5298 shares at $3.22. I have shown the detail of the sales to demonstrate that there was enough liquidity available to get out.
It became apparent on 27 January 2010 that the fall in price had been the result of speculation. The company issued this announcement:

**ASX ANNOUNCEMENT**

**SPECULATION ON THE OUTCOMES OF THE HENRY TAX REVIEW**

The Board of Directors of McMillan Shakespeare Ltd (ASX code: MMS) notes that a number of recent press articles have included speculation generally on the recommendations that may arise from the Henry tax review, and some articles commented specifically on the impact that certain changes to the fringe benefits tax regime may have on MMS.

MMS is not aware of the recommendations that have been made to Government by the Henry tax review as the report has not yet been released. Accordingly, the articles that have appeared in the media are mere speculation. The company has been an active participant in the Henry review and eagerly awaits the release of the report by Government. The company will make a further announcement in relation to any likely impact on the company, if any, of the review if its recommendations are adopted after the review has been released.

This is, of course, of interest, but the key issue is price and price alone for an investor whose timing is driven by price action. One could imagine all kinds of scenarios, but that is for later contemplation. For the moment the only action that must be taken is to execute the stop loss, which I did.

**Outcome of the investment**

The end result for the investment in McMillan Shakespeare was as shown on the left.

This was not a very successful investment. The result would have been far less damaging had I used my usual discipline in acting immediately on a violated stop loss.

However, this is not the end of this story. As I always do, I continue to monitor sold stocks until one of three things happens:

1. A downward trend develops and I remove it from the watch list.
2. The stock price makes a new high for the trend; I reassess the stock and decide to buy it again. It is then moved to the portfolio list.
3. The stock makes a new high for the trend; I reassess the stock and decide against buying it again. It is then removed from the watch list.
Chart analysis

After I sold McMillan Shakespeare, the price moved below $3 and then began moving upward again. In May 2010 the price made a new high for the trend, but I decided to wait. By the end of June 2010 I had another uptrending monthly bar and the Henry Report and the federal budget was behind us for the time being. By the close on 15 July 2010 the monthly chart looked like this:

By this time, McMillan Shakespeare had made good progress through the expected resistance zone discussed earlier and at $5.20 was approaching the top of that zone, represented by the 2007 high of $5.40. The weekly chart looked like this:
I decided to reassess McMillan Shakespeare with a view to buying again, either now or once it had moved above $5.40.

**Earnings and dividend quality**

Adding the first half 2010 data to the graph shown earlier looked as shown on the left below. I also prepared a graph only of the first half data, which gives a better picture considering the seasonality in the McMillan Shakespeare results pattern. It is shown on right below.

This shows more clearly that the McMillan Shakespeare business seems to be continuing to move ahead on trend. The strong stock price was indicating that the market was expecting this to continue and that any threat from the Henry Report had dissipated.

Next, I needed to use my pre-purchase checklist to see if McMillan Shakespeare still met my investment plan criteria.

**Pre-purchase checklist**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Stock</th>
<th>Mkt Av Plan Req</th>
<th>Any Guidance</th>
<th>Assessment V Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price Earnings Ratio</td>
<td>15.77</td>
<td>15.15</td>
<td>strong</td>
<td>High</td>
</tr>
<tr>
<td>Dividend Yield</td>
<td>3.35</td>
<td>3.84</td>
<td></td>
<td>High</td>
</tr>
<tr>
<td>Franking</td>
<td>100%</td>
<td>Yes</td>
<td></td>
<td>OK</td>
</tr>
<tr>
<td>Debt/Equity Ratio</td>
<td>%</td>
<td>&lt;60%</td>
<td></td>
<td>OK</td>
</tr>
<tr>
<td>Mkt Capitalisation</td>
<td>$251m</td>
<td>&gt;$100m</td>
<td>NA</td>
<td>OK</td>
</tr>
<tr>
<td>Liquidity (22-day Av)</td>
<td>$4.23k</td>
<td>Enough</td>
<td>NA</td>
<td>OK</td>
</tr>
</tbody>
</table>

First, I put the easy issues out of the way:

- Franking is 100% and there is no debt.
- Market capitalisation is sufficient and there would seem to be enough liquidity for my portfolio(s) size. This was demonstrated earlier when I had to sell in a pressure situation.

The more difficult issues were the PE ratio and dividend yield, which were both close to the market average. Ideally, for a value model stock, I would like the PE ratio to be significantly lower than the market average and for the dividend yield to be significantly higher.
However, before I simply moved on, I contemplated the overall picture, which was of a stock with a value model chart, but an earnings and dividend stream that was rising consistently. This was more in the pattern of a growth stock. Indeed, in the 2007-2008 downward trending period on the price chart, McMillan increased both earnings per share and dividends per share.

So, the ratios are those I would like to see for a growth model stock. The chart is definitely value model, but the company performance is closer to a growth company.

This was reinforced by the excellent return on equity history for MacMillan Shakespeare:

2006: 44.60%
2007: 47.38%
2008: 51.69%
2009: 50.43%
2010: 44.63%.

The other issue was the proximity to the 2007 high, which was likely to be a resistance level.

I decided that McMillan Shakespeare looked to be too good an opportunity to pass up. However, I needed a clear strategy. What I decided on was:

1. I would invest 2% of capital on expected weakness near the 2007 high of $5.40. I would be looking for a correction and evidence of a bounce from support, which was likely to be the next higher trough in the trend.

2. Assuming that worked out as expected, I would build my position beyond 2% of capital once the 2007 high was clearly behind us.

By 18 August 2010 McMillan Shakespeare had:

1. Not hesitated or corrected near the all-time high, but sliced straight through it. This is a sign of real strength.

2. Released its annual results.

The chart looked as shown on the next page, monthly at the top and weekly below it.
I updated my graph of earnings and dividends as shown at the left.

This shows the dramatic increase in earnings per share and the satisfactory increase in dividends per share. The big increase was due to the acquisition of Interleasing Australia Limited during the year. Excluding that, earnings per share were 36% higher.

The earnings per share number also included some profit on acquisition of Interleasing Australia Limited. Excluding that...
the earnings per share would be 42.1c versus 66.5c shown on the graph. This was still a very strong result.

**Pre-purchase checklist**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Stock</th>
<th>Mkt Av Plan Req</th>
<th>Any Guidance</th>
<th>Assessment V Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price Earnings Ratio</td>
<td>14.35</td>
<td>15.72</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Dividend Yield</td>
<td>3.81</td>
<td>3.70</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Franking</td>
<td>100%</td>
<td>Yes</td>
<td>OK</td>
<td></td>
</tr>
<tr>
<td>Debt/Equity Ratio</td>
<td>150%</td>
<td>&lt;60%</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Mkt Capitalisation</td>
<td>$437m</td>
<td>&gt;$100m</td>
<td>NA</td>
<td>OK</td>
</tr>
<tr>
<td>Liquidity (22-day Av)</td>
<td>$637m</td>
<td>Enough</td>
<td>NA</td>
<td>OK</td>
</tr>
</tbody>
</table>

Next, I needed to update my pre-purchase checklist.

A rough calculation from the preliminary final report suggested the debt to equity ratio was still around 150%.

On the earlier problem of the rumours from the unreleased Henry report, the company included this statement in the preliminary final report:

_The Henry Review of the taxation system was tabled with the Federal Government’s response. This saw the current salary packaging arrangements (both for the exempt sector and the FBT concessions on cars) left unchanged. Indeed, for the exempt sector, the Government took the unusual step of ruling out any changes “at any time”. This result provides great clarity and confidence for both our customers and shareholders._

The guidance on 2010-11 suggests a year of consolidation while the acquisition is integrated. However, the company saw cross-selling opportunities in the new customer base. One thing that was exposed in the preliminary final report was the difference in operating margin between the original business (38.1%) and the acquired leasing business (11.8%). This suggests that the integration and cross selling strategy is a significant opportunity, but also a sizeable risk if it does not pan out as planned.

Going back to the pre-purchase checklist, the price earnings ratio looks high on my plan for a value model stock, but see my comments earlier on the growth nature of its earnings. The dividend yield is low, but so is the payout ratio as the company looks to reduce debt, so there is scope for an increase going forward. Debt is the other issue of significance. From the company’s results presentation (worth reading), the key data at below left were provided.

Remember that my plan criterion is up to 60% debt to equity – 58% gearing is higher than that. The interest cover seems quite strong.

I formed a judgement from all this that I could live with the low dividend yield (with expectations of an increase as debt is reduced) and that the debt level, while high, seems to be manageable.
The final issue is where to situate a stop loss if I were to buy. The weekly chart was as shown below.

**Set stop-loss**

There was no obvious place for a stop loss in the sense that the last trough in this trend was way back below $4, although there were a couple of higher levels that might be construed as support levels. In such a strong trend, I had clearly missed an opportunity because I had been waiting for a hesitation or correction near the old high. Although I watched the chart daily, it had never come.

I decided to watch for an entry around $5.40 to $5.70 and will probably use $4.48 as a stop loss, being a clear support level on the way up and also around the old resistance (now support) in the vicinity of the 2009 and early 2010 peaks.

McMillan Shakespeare kept rising. I looked at it several times, but there always seemed to be reasons why a purchase was a difficult decision. To some extent this also reflected periods when I was travelling overseas or had other pressing matters to attend to in my life. So, I never acted on my plan.

Then in early April 2011, I saw my way clear to look at it again. I decided to do a complete update on my analysis, which is below.

**How I found this stock**

I cannot recall now, but it looks as though I found it from my technical analysis scan of stocks making 52-week new highs.
Company Profile

McMillan Shakespeare Limited is a market leading provider of salary packaging and vehicle leasing administration.

McMillan Shakespeare is unique in offering a broad suite of vehicle leasing management services (operating and novated) and salary packaging administration, backed by expertise in FBT management, tax and compliance.

McMillan Shakespeare is listed on the Australian Securities Exchange under the code MMS.

In 1988, the company was the first to introduce salary packaging services in Australia and since then has developed long-standing relationships with many prominent health, not-for-profit, government and private sector organisations.

Extensive industry experience has led to mature systems and processes that ensure a competent, seamless experience for customers. This systems-capability is complemented by personalised, responsive service and deep understanding of the customer experience.

McMillan Shakespeare has five wholly owned subsidiaries: Maxxia Pty Ltd, Remuneration Services (Qld) Pty Ltd, Maxxia Ltd (NZ), Interleasing Australia Ltd and TVPR Pty Ltd trading as Holden Leasing.


Which model?

This certainly looks like a value model chart. The huge correction in 2007-2008 from around $5 to below $2 is too large to be a sideways pattern, such as would exist on a growth model chart.

However, there are two aspects of this company which have caused me to see it as maybe something of an exception:
1. The 2007-2008 drop notwithstanding, the chart clearly goes from its lower left to its upper right as we would expect for a growth model chart.

2. The company has grown rapidly in earnings and dividends, even through the 2007-2008 period, as will be shown below.

This has led me to take the view that I might make an exception with this stock and regard it as a growth stock, even though its chart has a major value model pattern at this stage. This is a conscious deviation from my investment plan with what I think are good reasons. Time will tell how it all turns out.

**Earnings and dividend quality**

My standard graph at the left shows the growth of earnings and dividends mentioned above. In particular it will be seen that there was no pause during the bear market in late 2007 to early 2009.

The last bar is for the first half of 2011. Earnings were up 75% and the dividends were up 60% on the previous corresponding period. It should be noted that the second half of the year has always been larger than the first half, so this seems to be very positive.
Pre-purchase checklist

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Stock</th>
<th>Mkt Av Plan Req</th>
<th>Assessment</th>
<th>Guidance and comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price Earnings Ratio</td>
<td>$17.52</td>
<td>15.05</td>
<td>high</td>
<td>Strong - nothing specific except cross selling is now working well and Interleasing business is growing again</td>
</tr>
<tr>
<td>Dividend Yield</td>
<td>3.00</td>
<td>3.9</td>
<td>low</td>
<td></td>
</tr>
<tr>
<td>Franking</td>
<td>100%</td>
<td>Yes</td>
<td>ok</td>
<td></td>
</tr>
<tr>
<td>Return on Equity</td>
<td>57.86</td>
<td>&gt;20%</td>
<td>great</td>
<td></td>
</tr>
<tr>
<td>Debt/Equity Ratio</td>
<td>158.70%</td>
<td>&lt;60%</td>
<td>high</td>
<td></td>
</tr>
<tr>
<td>Mkt Capitalisation</td>
<td>$57.4m</td>
<td>&gt;$100m</td>
<td>ok</td>
<td></td>
</tr>
<tr>
<td>Liquidity (22-day Av)</td>
<td>$1.07m</td>
<td>Enough</td>
<td>ok</td>
<td></td>
</tr>
</tbody>
</table>

Clearly, as discussed earlier, several ratios are out of line with my investment plan for a value model stock. However, the PE ratio and the dividend yield are both acceptable if I see it as a growth model stock – not supported by the chart, but the business itself is growing strongly even in hard times.

I had looked at the debt to equity ratio before. This debt was incurred to buy Interleasing. Since then, the company has invested in its integration into its business. Also, Interleasing performed poorly after acquisition. However, it now seems to have been turned around and is growing strongly. I am expecting the debt level to fall going forward.

Liquidity is not a problem.

Chart analysis
The weekly chart shows the strong upward trend. Two weeks ago McMillan Shakespeare made a new all-time high.

**Set stop loss**
I have a good place to put my stop loss – the last swing low to $8.50. This is the price that I will use for my position size calculation. My actual point of execution of this stop loss will be up to 2% below $8.50, or $8.33. This is my hard stop – where I will act without hesitation. However, I may choose to act between $8.50 and $8.33, depending on the circumstances. This is important for small, less liquid stocks. McMillan Shakespeare is a little larger than that category, but not much so the idea will apply at least in part.

**Calculate position size**

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>SMSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Capital</td>
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</tr>
<tr>
<td>Buy Price</td>
<td>9.900</td>
</tr>
<tr>
<td>Sell-Stop</td>
<td>8.500</td>
</tr>
<tr>
<td>Risk</td>
<td>1.400</td>
</tr>
<tr>
<td>% Capital to Risk</td>
<td>0.5</td>
</tr>
<tr>
<td>Maximum Position</td>
<td>7,573</td>
</tr>
<tr>
<td>% Capital to Invest</td>
<td>2</td>
</tr>
<tr>
<td>Position it buys</td>
<td>4,284</td>
</tr>
<tr>
<td>Position allowed</td>
<td>4,284</td>
</tr>
<tr>
<td>% capital at risk</td>
<td>0.28</td>
</tr>
</tbody>
</table>

This calculation was quite straight forward. There seemed to be good volume at $9.90, which was the previous closing price.

It will be noted that I have amended my position size calculator slightly to show the percentage of capital at risk. Although my plan allows me to risk up to 0.5% of capital on this purchase, the actual risk to capital is only 0.28% at the buy price and stop loss used. Since the actual stop loss may well be a bit lower, this is fine, because it gives good room to move.

I bought McMillan Shakespeare at $9.90 at the open on 11 April 2011.

**Monitoring the investment**
When I made the position size calculations shown above, I used $8.50 for my sell-stop. Since then, and before I sold the stock, I adjusted the sell-stop in line with my new method outlined in Members’ Newsletter 004, which is available on the Members’ website on the Members’ Newsletter Archive page. The chart on the next page is as it looked at the close of 11 April 2011, the day on which I purchased it. The stops shown as two horizontal lines are:

**Top line:** my soft stop of $8.49 - low chosen to base it on was $8.50. One minimum bid below that is $8.49.

**Bottom line:** my hard stop of $8.32, which is 2% below the soft stop (or 98% of $8.49).
After I bought Macmillan Shakespeare it moved a little higher. However, on 29 April 2011 it fell to $8.50, which was equal to the previous low on which I had based my sell-stop. On the method I was working on at the time, the price had to fall through my sell-stop for a sale to be mandatory. So, I watched the next few days closely, but did not sell.

The above chart is to the close of 9 June 2011. The price had gone higher again after the little shakeout, but came off again fairly sharply on 9 June 2011. I was not overly concerned about this, but began to monitor the situation more closely.

After that Macmillan Shakespeare moved generally sideways and everything looked fine until 29 July 2011 as shown on the chart at the top of the next page.
Then on 2 August 2011, it fell right through my stops as shown on the chart below.

Readers will see that it fell well below my hard stop, but closed back well above my soft stop. If this had been a smaller, less liquid stock, I may well have closely managed the position looking to sell if there was downward follow through. However, Macmillan Shakespeare is not a small stock, so I sold it early on 9 August 2011 at an average price of $8.3945. That price will indicate that Macmillan Shakespeare fell again the next morning through my soft stop and my hard stop, though not as far as the day before. It closed at my soft stop of $8.49. The decline was not driven by an earnings surprise. The results for the last half-year will be announced tomorrow 30 August 2011. Of course there may be insider knowledge that has driven the price fall. This is why we use technical analysis.

The chart on the next page shows what has happened since up to the close on 26 August 2011.
Outcome of the investment

This second investment in Macmillan Shakespeare was also a loss. However, it was a lot less than the loss on the first campaign when I was caught in a rumour that led to fear causing a sharp decline. This time it was a routine investment that did not succeed and is simply one of the small losses (0.31% of capital) that are inevitable in investing. There have been many of these over the last two years of sideways markets, which is a very difficult investing environment.

I have not done an evaluation on this case study because of pressure of time and the need to tackle some other priorities, including preparation for two upcoming presentations. I think that the discussion about the initial campaign has more or less identified some areas where I fell short of my investment plan. The second campaign was routine and in line with my plan in most respects.