

Investment Forum for Wednesday, June 15 at 11:45AM

Future Meeting Schedule

The Forum will meet for the Summer Schedule from June 15 to July 20 at 11:45AM

Perspective: The poor jobs and economic and housing numbers that came out the first week of June sent the stock markets tumbling. A possible slowdown in the recovery (double dip?) is a more ominous concern to investors than market pullbacks due to another Greek debt crisis or natural disaster or politician saying something really stupid. Then, Kevin Evans of the WSJ opines, "A 4% economic-growth for 2011 now looks like a pipe dream. In that case, assumptions about corporate earnings may be high." Is this a signal that we should be shifting investment strategies or asset allocations? If so, to what?

Follow-up: Bank stocks. In my talk on bank stocks a few weeks ago, bank stocks were cheap. Now they are even cheaper. This year, Goldman Sachs (GS) is down 19.5%, and Bank of America (BAC) and Citigroup (C) are both down over 15%, and the KBW Bank Index is down 8.7%. Large bank stocks are taking further hits with talks of higher capital requirements for the big boys. Time to bail on financials? Or a buying opportunity?

MLPs and TEVA: Ed will give us an update on the latest in MLPs. Tom will discuss TEVA Pharmaceuticals (TEVA,) the largest producer of generic drugs in the World.

Active Bond ETFs: Actively managed (rather than indexed) ETFs have failed to gain traction over the past two years. But more are being introduced, especially in fixed income. Guggenheim (which purchased Claymore) has introduced several recently, and Bill Gross and PIMCO are rolling out ETF versions of the PIMCO Total Return Fund. Gross is the (former?) bond guru, suffering a reputation hit after his well-publicized but dead-wrong call on Treasury bond prices a few month's ago. The Total Return Fund had a return in the lowest 10 percentile of comparable bond funds in May. (I love it when experts with big reputations and egos make a wrong call, just like us amateurs!)

Movie Review: For those of you who get HBO, I recommend "Too Big to Fail," which is playing most nights on one of the HBO channels. It follows the book, by Andrew Sorokin, and is an entertaining and informative look at the subprime/banking crisis.

Future Forum discussion topics: I want to have a dialogue with all Forum members on the topics you would like to hear, and topics that you are willing to deliver. That would include feedback on topics previously presented, and points you would like to hear more about. And most of you do your own research and learn stuff about particular investments, strategies, and "lessons learned." Please share!

You can e-mail me at asmuzynski@verizon.net, or call me 703/455-2716. I will also come early to Forum sessions and stay a bit late; you can bend my ear then.

Al Smuzynski