

## **Investment Forum Program for Wednesday, February 28, 2007 at 10:00**

### **Meeting Schedule**

Next week's meeting of the forum will be on **Thursday, March 8 at 10:00**. Please note the temporary change of day from Wednesday to Thursday.

**Perspective:** The rich are indeed different than the rest of us; they spend more money. Two recent articles, in The Washington Post and one on The Wall Street Journal Online document the remarkable propensity of affluent consumers to spend on luxury goods. Investors who became aware of this trend early on have profited handsomely. Coach (COH) is a standout performer in this sector.

**Guru Watch:** Since his flagship Legg Mason Value Trust (LMVTX) has broken its 15-year record of outperforming the S&P 500 index, Bill Miller has been out marketing. In an interview entitled "Insights from Bill Miller" published on February 2 by Morningstar.com, he is quoted as follows: "We asked him [Miller] what he thought the absolute best businesses were in terms of quality and competitive advantage, and he said Internet companies." "There is an enormous difference between barriers to entry and barriers to success on the Internet. Internet businesses that do beat the odds tend to be easily scalable with very high returns on incremental investment." Miller's fund holds Amazon.com (AMZN), Google (GOOG), Yahoo (YHOO), IAC/Interactive (IACI), and eBay (EBAY). Investors who want a focused pure play on Bill Miller's investment skills may wish to also investigate the Legg Mason Opportunity Trust (LMOPX). Also, through the miracle of exchange traded funds, individual investors have a choice of several focused Internet sector funds from which to choose. Two prominent selections are the HOLDRS Internet (HHH) and the First Trust Dow Jones Internet Index Fund (FDN).

**Stock Talk:** For investors with more pedestrian tastes, Altria (MO), 3M (MMM), and Wells Fargo (WFC) are currently being touted for their perceived virtues.

**Gold:** An article posted on the forum website describes the demand side of the gold business in some detail. Much of the demand is coming from new exchange traded funds that hold gold bullion (GLD and IAU). Now, a third entry in that sector has been introduced; namely, PowerShares DB Gold (DGL). This new fund owns no gold. It gains exposure through the futures market, so most of its assets consist of U.S. Treasury bills which pay interest. Thus, the DGL's expenses will be covered by income.

**On the Website:** Morningstar is attempting to refine a rational methodology for contrarian investing. See "Morningstar's 2007 Contrarian Portfolio" on the forum website at [www.olligmu.org/~finforum/](http://www.olligmu.org/~finforum/).