

Investment Forum Program for Thursday, March 8 at 10:00

Meeting Schedule

Next week's meeting of the forum will be on **Thursday, March 15 at 10:00**. Please note the temporary change of day from Wednesday to Thursday.

Perspective: On February 28, *The Wall Street Journal* published an article entitled "The Fuel Behind TXU Deal." It deconstructed the proposed buyout transaction by Kohlberg Kravis Roberts and concluded that, at bottom, it's a speculation in anticipation of higher natural gas prices. Meanwhile, Wall Street continues to price stocks of energy producers for lower energy prices. Both suppositions cannot be right.

Member Presentations: Two topics will be discussed: the 2007 Alternative Minimum Tax and asset allocation.

Guru Watch: On February 28, *Kiplinger.com* published an interview with Ken Heebner, manager of the CGM Focus Fund (CGMFX). Under Heebner, from 1999 through this year, the Focus Fund has returned an annualized 25% to shareholders. Prominent among Heebner's expressed opinions are the following: (1) the subprime mortgage disaster is much bigger than anyone can imagine. It will restrain further interest rate increases by the Federal Reserve, and thus extend the current bull market. (2) Heebner's biggest play is in investment banks, Lehman Brothers (LEH), Merrill Lynch (MER), Bear Stearns (BSC), Morgan Stanley (MS) and Goldman Sachs (GS). Private equity and hedge funds are filling their coffers like never before. (3) The ethanol boom will give farmers "money to burn" and they will spend a significant portion of it buying equipment manufactured by Deere & Company (DE). (4) Las Vegas Sands (LVS) has spread beyond its geographical roots and, especially so, into Macau. The Chinese are renowned for their love of gambling and Macau is China's Las Vegas.

On the Website: The March 5 issue of *Fortune* carries an interview with investment strategist Jason Trennert. It can be read in its entirety at www.olligmu.org/~finforum/. Trennert asserts that after years of sluggish performance (actually worse than stock market performance during the Great Depression!) large cap stocks are ready to rise. He particularly favors energy, health care and technology. For investors who wish to follow an asset allocation strategy, Trennert's vision could be easily implemented by using exchange traded sector index funds, such as XLE, XLV and XLK. Also on the website is an overview article from the current issue of *BusinessWeek* that attempts to place last week's global stock market events in perspective.