

## **Investment Forum Program for Wednesday, March 28 at 11:30**

**Perspective:** One of the more imponderable unknowns facing investors these days is the much publicized problems with “subprime” mortgages. Even the most erudite market observers cannot agree on whether the problem will remain confined to a segment of the real estate market or lead the entire economy into a serious recession. However, it may be worthwhile to review the known facts regarding the situation and identify which investments are presently at greatest risk.

**Mutual Funds:** Last week, the downside of exchange traded funds was discussed. Namely, that many are mainly trading vehicles for professional investors. However, among ETFs that follow stock indexes, there are two distinctly different types: Capitalization weighted and dividend weighted. The latter is mainly aimed at conservative individual investors and they are heavily weighted towards low volatility stocks. Two such ETFs are DVY and SDY. Also, the March 19 issue of *Dow Theory Forecasts* asserts that, in the aggregate and over time, funds with low expense ratios and low portfolio turnover return more to shareholders.

**Stock Talk:** Amgen (AMGN)

**Follow-Up:** Last week, a handout was provided on the subject of preferred stocks for income investors. On March 25, *The New York Times* published a longer article on the subject which provided information on two families of closed-end mutual funds which specialize in preferred stocks: Nuveen Quality Preferred Income I, II, and III and John Hancock Preferred Income I, II and III.

**On the Website:** On March 20, *MarketWatch.com* reported on Fidelity’s Millionaire Outlook which found that affluent investors are favoring stocks and avoiding real estate. On March 21, *Forbes.com* posted an article entitled “The Buyback Bonanza” arguing that stock buybacks are very bullish for some companies. Specific companies mentioned are IBM, Walt Disney and Cigna. Finally, on March 22, *Kiplinger.com* featured a write-up on the Vanguard Dividend Growth Fund (VDIGX). These articles can be read in their entirety with links from the Forum web site at [www.olligmu.org/~finforum](http://www.olligmu.org/~finforum).