

## Investment Forum Program for Wednesday, September 19 at 11:30

### Welcome to New Members

Words of welcome will be extended to new members. It is suggested that new members visit the forum's website at [www.olligmu.org/~finforum/](http://www.olligmu.org/~finforum/).

**Guru Watch:** Laszlo Birinyi is the subject of a feature interview in the September issue of *Louis Rukeyser's Wall Street* newsletter. Birinyi has 35 years experience in professional stock investing. He was a regular panelist on the long-running Rukeyser television program and has been a columnist for *Forbes* for many years. Currently, he is counseling caution because the full extent of problems plaguing financial markets remains unknowable. He is very wary of foreign stocks at the moment, but is cautiously bullish about stocks like Apple (AAPL) and Bank of America (BAC) that appear well positioned in an uncertain market.

**Anecdotal:** Non-financial companies in the S&P 500 index hold a cumulative cash balance of \$800 billion—roughly 10% of their market capitalization and double the historic average.

**Member Contribution:** Comments on the use of covered calls to enhance total returns on stocks

**Follow-Up:** Contrary to recent discussions, the current issue of *Barron's* carries an article entitled "Where is Oil Headed? A Contrarian Say \$45." The article argues that demand is slowing and hedge funds will sell short, creating the potential for a "blood bath."

**Strategies:** Investors are constantly faced with decisions between paying up for fully-priced popular stocks or taking a contrarian risk on unpopular stocks which may be bargains. Two examples will be offered: *CNNMoney.com* reports "Power prices set to surge." Entergy (ETN), Excelon (EXC) and FPL (FPL) are well positioned to take advantage of this trend, but their stock prices may already reflect their good fortune. Meanwhile, in an article entitled "Three Once-in-a-Decade Stock Values"

*Morningstar.com* argues that Pfizer (PFE), Johnson & Johnson (JNJ) and Medtronic (MDT) offer exceptional value. Both stories can be read on the forum website at [www.olligmu.org/~finforum/](http://www.olligmu.org/~finforum/).

**Funds:** Last week, it was reported that the iShares Dow Jones Select Dividend Index exchange traded fund (DVY) has significantly underperformed managed no-load equity income funds offered by Fidelity, T. Rowe Price and Vanguard. This week similar comparisons have been extended to include the energy, health care and utilities sectors. Comparisons are restricted to SPDR and iShares exchange traded funds contrasted with no-load managed sector funds by Fidelity, T. Rowe Price and Vanguard. In every instance, the managed funds provided consistently superior total returns to investors, sometimes by wide margins, over 1-year, 3-year and 5-year periods. The forum may institute a "Be Kind to Fund Managers Day" each year.