

## Investment Forum Program for Wednesday, October 3 at 11:30

**Perspective:** Sometimes significant news is not prominently reported. For weeks, the financial media has broadly speculated that loans made by investment banks to finance leveraged buyouts would not be marketable in the current environment and the banks would have to hold them on their books marked down to a discounted value. On September 27, *The Wall Street Journal* reported a story on page C6 entitled “Investors Snap Up First Data’s Deal Debt.” The article carried a subtitle that stated “More Loans Sold As Appetite for Risk Continues to Return.” The first sentence of the article read “Wall Street investment banks significantly increased the loans they plan to sell for First Data Corp.’s leveraged buyout, in the latest sign that investors are regaining some appetite for riskier debt.”

**Follow-Up:** SPDR exchange traded sector funds explained.

**Fallen Angel and Rising Star:** The St. Joe Company (JOE) is a non-REIT diversified real estate enterprise and the largest private land owner in the state of Florida. For years it was a Wall Street darling based on belief in the intrinsic value of land. It once traded at 80 and now trades at less than half that figure—and *Standard & Poor’s*, which has a Strong Sell rating on the stock, reckons that the current quote is still twice their estimate of fair value. Meanwhile, Merrill Lynch claims that the largest private timberland owner in the U.S., Plum Creek Timber (PLC), is undervalued and has a big long-term opportunity as a supplier of raw material for ethanol.

**Investing in Gold:** For those who believe that gold has enduring value, perhaps even more than land, two exchange traded funds make it easy to directly invest in gold bullion: streetTRACKS Gold Trust (GLD) and iShares COMEX Gold Trust (IAU). Both funds charge modest expense ratios of 0.40%, are liquid, and very closely track the commodity price of gold. Along the same vein (sorry about the pun), the current issue of *Barron’s* carries an article arguing that the commodity price of gold will continue to rise substantially.

**Stock Buybacks:** Chevron (CVX) recently announced a very large stock buyback. Comments on stock buybacks, in general, and Chevron, in particular will be offered.

**Keeping It Simple:** There are many ways to simplify investing for those who do not wish to devote their lives to the activity. One way to work toward this objective is to invest in mutual funds rather than individual stocks. A further step can be achieved by consolidating all mutual funds with one provider. With this in mind, a half dozen T. Rowe Price managed funds that may be of interest to retirees will be described and discussed. They will include the following: Capital Appreciation (PRWCX), Equity Income (PRFDX), Growth Stock (PRGFX), Health Sciences (PRHSX), New Era (PRNEX), and Science and Technology (PRSCX).

Visit the Investment Forum Web Site: <http://www.olligmu.org/~finforum/>