

Investment Forum Program for Wednesday, May 21 at 10:00

Perspective: Princeton University Economics Professor Burton Malkiel (http://en.wikipedia.org/wiki/Burton_Malkiel) has written a new book entitled “From Wall Street to the Great Wall: How Investors Can Profit from China’s Booming Economy.” Professor Malkiel is very bullish on China in the long term, but also recognizes the short-term risks China poses to individual investors. He suggests several strategies for investing in China.

Caveat Emptor: Every investment has a downside. For open-end mutual funds, a significant downside has been playing out in recent months—massive redemptions that force managers to liquidate stocks they would like to hold and, simultaneously, restrict their ability to take advantage of buying opportunities when stocks are cheap. In the aggregate and over time, this phenomenon keeps repeating itself with every down market and the losers are investors. The current situation is described in a feature article in the June issue of *SmartMoney* magazine.

Mutual Funds: Last week, several members expressed interest in Janus funds. The forum has never discussed any Janus funds. Let’s begin examining the topic by discussing Janus Contrarian (JSVAX), Janus Research (JAMRX), and Janus Twenty (JAVLX), which have each provided shareholders with strong returns in recent years. And, for those who would be more comfortable traveling in a slower lane, Selected American Shares (SLASX) offers virtues not widely found elsewhere, such as strong ownership participation by the fund’s managers.

Stock Talk: Intel (INTC) bulls have grown old and squandered credibility waiting for Intel to rise again. But, they have their reasons for keeping the faith. Lloyds Group plc (LYG), receives 5-Star Strong Buy ratings from both Morningstar and Standard & Poor’s and pays a very generous dividend which is not subject to a tax withholding by the U.K. government.

On the Website: Reading material on new topics is posted regularly at www.olligmu.org/~finforum/.