

## Investment Forum Program for Wednesday, July 23 at 10:00

### Program Schedule

July 23 will be the final meeting of the Forum for the OLLI Summer Program. However, the Forum will continue to meet on an irregular basis until the beginning of the Fall Program. The Forum is scheduled to meet on the following dates at 10:00: July 30, August 20 and August 27.

***Anecdotal:*** Insider trading is closely watched as a bellwether of a company's future prospects, but it is an imperfect guide. Over the past year, there have been 19 insider trades reported to the SEC for Wachovia (WB). Eighteen were buys at prices ranging from \$50 to \$28. It closed on Friday at 13.

***Fundamentally:*** One metric of a stock's merit is the dividend payout ratio (the ratio of dividends to earnings): If the ratio is too high, it may be robbing the company of cash needed for growth. If the payout ratio is too low, shareholders may be robbed of returns on their investment. A handout based on a *Dow Theory Forecasts* article will be available which includes a list of stocks that rank favorably on the basis of this metric.

### ***Strategies:***

- For the past six years, Paul Farrell has been following eight "lazy portfolios" on *MarketWatch.com*. Lazy portfolios consist of various diversified portfolios of no-load index funds. They have three virtues: (1) they're simple; (2) they have low expenses; (3) they've consistently outperformed the S&P 500 Index over time. Farrell's latest commentary can be found on the forum website. He is very bearish on the market.
- Investors have long been tutored that sector selection is far more important than individual stock selection. The advent of exchange-traded funds has made sector investing very simple and easy. On Friday, a guest on the *PBS Nightly Business Report* who is an advocate of the use of exchange-traded sector funds offered some suggestions for the current market. By way of contrast, this talking head is very bullish.

***Stock Talk:*** Michael Sivy writing in the current issue of *Money* magazine makes an argument that, after spending a decade in the wilderness, growth stocks are finally outperforming value stocks. And, by his reckoning, there is only a relatively small universe of such stocks within the big cap sector. He goes so far as to name names.

***On the Website:*** New articles which may be of interest to retired investors are posted weekly at [www.olligmu.org/~finforum/](http://www.olligmu.org/~finforum/).