

Investment Forum Program for Wednesday, March 11 at 10:00

Meeting Schedule

The forum will meet at 10:00 until the OLLI Spring Program begins on March 25.

Perspective: Per the March 4 issue of Standard & Poor's *The Outlook*, "Since 1949, bear markets have bottomed a median of five months before recessions have ended and eight months before corporate earnings hit a trough and unemployment peaked. Stock prices will likely bottom before fundamentals start to improve. But, we're not there yet." Meanwhile, *BusinessWeek* magazine questions the relevance of market history to the current situation.

How the Mighty Have Fallen: First Bill Miller, then Ken Heebner, was humbled. More recently, Warren Buffett lost his aura of infallibility. Now, the fabled managers of the Harvard University endowment fund have been brought down by a combination of hubris, leverage and liquidity; too much of some and not enough of another. (Visit the forum website for the full text.)

Strategies: The conventional wisdom is settling upon the belief that stocks will be slow to recover once the bear market bottoms. This motivates investors to seek such alternatives as volatile commodities offering potential for capital gains or high-yield investments offering generous cash flow. With regard to the latter, Standard & Poor's suggests exchange-traded funds holding preferred stocks issued by banks. Some consideration of risk and reward may be warranted.

Show Me the Money: *BusinessWeek* sought out 21 U.S. companies that most aggressively stockpiled cash in the most recent quarter. They include General Electric, Verizon, Altria, Cisco, Apple, IBM, Qualcomm, Time Warner, Deere, DuPont, Google, UnitedHealth Group, Amazon.com, Wal-Mart, Procter & Gamble, Exelon, Hewlett-Packard, EMC, Computer Sciences, Bristol-Myers Squibb, and Baker Hughes. (Visit the forum website for the full text.)

Don't Try This At Home: The February 28 issue of *The Wall Street Journal* explains why exchange-traded funds that short indexes are best left to professionals.

Reading Suggestion: The forum could easily devote the entire session to the content of the March 9 edition of *Barron's*. It can be found in libraries.

On the Website: New articles which may be of interest to retired investors are posted regularly at www.olligmu.org/~finforum/.