

Investment Forum Program for Wednesday, March 18 at 10:00

Meeting Schedule

The OLLI Spring Program begins next week. Starting on March 25, the forum will meet at 11:30.

Perspective: Both *Kiplinger's* and *Money* magazines urge stock investors to keep the faith and offer reasoned arguments to support their positions. But, *MarketWatch.com* worries that the Madoff scandal will permanently sour many investors on stocks and, in his weekly *Wall Street Journal* column on personal investing, Jason Zweig worries that some companies are hoarding too much cash for their needs. Cash rich companies have a long and unfortunate history of making foolish investments. Remember when Ford bought Jaguar?

Bonds: Those who experienced the inflation of the 1970s and early 1980s, gained an appreciation of the devastation that inflation can inflict on bonds. However, over the past year, both individuals and experienced professionals were shocked to learn how badly bonds can be devalued by deflation. Currently, individual investors are being strongly urged by the financial media to invest in bonds. Due diligence is advised. Some supposedly conservative and safe investment-grade bond funds have suffered significant losses recently.

Stocks: Meanwhile, *Kiplinger's* offers a short list of buy-and-hold candidates: ExxonMobil, IBM, McDonald's, Monsanto, Nestle, Philip Morris International and Teva Pharmaceutical. *BusinessWeek.com* offers a list of ten stocks that have held up well in the face of adversity: Aqua America, AutoZone, Dollar Tree Stores, Family Dollar Stores, Lancaster Colony, Mylan, Netflix, O'Reilly Automotive, PG&E, and Sunoco. Also, *Barron's* has reiterated their belief that Big Oil offers investment opportunities.

Mutual Fund: The Permanent Portfolio (PRPFX) was once mentioned in passing at the forum. It may deserve a closer look because it has performed better than the broad averages during the current bear market. It includes six asset categories: precious metals, Swiss-franc bonds, global real estate stocks, natural-resource stocks, domestic growth stocks and U.S. Treasury and high-grade corporate bonds.

Strategies: Once burned, twice shy? Have gray-beard mutual fund managers who experienced the 1970s delivered superior performance during this downturn? Perhaps. *Morningstar* has developed a list of twelve such managers and their funds have suffered less than the S&P 500 Index. But, there are also notable exceptions. Permabears have fared well, as their time has arrived.

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