

Investment Forum Program for Wednesday, April 15 at 11:30

Perspective: Age provides perspective. A very tiny group of survivors have a unique perspective on the economy and the stock market. The current issue of *SmartMoney* found three men who worked as money managers during the Great Depression and remain active investors today. They are a remarkably steadfast and optimistic group doing what they have always done, aware of but undeterred by recent events.

I Bought It for My Mother's Account: Spoken by a broker, these words usually are a warning signal to be wary of what follows. But, *SmartMoney* columnist James Stewart has been searching for safe alternative income investments for his mother's maturing certificates of deposit. He went through a rigorous screening process and came up with six common stocks: Commercial Metals (CMC), Exelon (EXC), Honeywell International (HON), Norfolk Southern (NSC), Southern Union (SUG), and Weight Watchers (WTW).

Sectors: S&P recently reviewed the utility sector and found virtues amid a mixed picture. Most utility dividends are regarded as safe and some are still growing.

Stock Talk: Medical supplies provider Becton Dickinson (BDX) has endured the recent economic downturn with steady earnings growth and a relatively stable stock price. So has Colgate Palmolive (CL).

Mutual Funds: Last week, brief mention was made of convertible securities. On March 31, *BusinessWeek.com* carried an article entitled "Convertible Bonds: Opportunity Knocks." Convertibles sold off sharply last year when hedge funds were engaging in forced liquidation. Since then, the recent rally has lifted their prices. For many individual investors a mutual fund is an attractive way to participate in convertibles. The *BusinessWeek* article includes specific mention of the Vanguard Convertible Securities Fund (VCVSX).

Caveat Emptor: Ultrashort term bond funds are supposed to be "only one step beyond a money market fund." But, many boost their returns by holding very risky assets. In recent times many of these funds posted losses of more than 20%. On the other hand, such funds holding government securities have performed as expected, delivering modest returns while preserving capital.

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