

# Investment Forum Program for Wednesday, June 3 at 10:00

## Future Meeting Schedule

The next meeting of the forum will be on June 24 at 11:30.

**Perspective:** Most members of the forum regard federal entitlements as the bedrock foundation of their financial well being. Given the extraordinary times in which we find ourselves, what is the outlook for this source of income and healthcare benefits? Here are two different scenarios: (1) Entitlement benefits will inevitably have to be restricted through a combination higher beneficiary premiums and co-payments, greater use of means testing, and reduced COLAs. (2) the most potent political force in our society for the rest of our lifetimes will be the Baby Boomers. Woe unto any politician who denies the Boomers their entitlements. Increasingly, government spending will be limited to interest payments on debt, national defense, entitlements and precious little else.

**Reality Check:** The Finns and the French currently have new nuclear power plants under construction. Together they provide a cautionary tale and suggest that supposedly “streamlined” nuclear construction will be no easier or cheaper than that of a generation ago when nukes were last built in the U.S.

**Strategies:** Much the year to date has provided opportunities for individual stock pickers. But, last Friday the market provided a buy signal to market timers. Also, John Bogle is age 80 and is in declining health. He has some worthwhile comments for those who he fears have not listened to his message in its entirety.

**How Find Successful Investments:** *BusinessWeek.com* has sought out the 20 most successful stocks over the past decade and attempted to learn how to spot such winners. Two factors stand out: (1) They are clustered in energy and healthcare and (2) they are exceptionally well managed businesses.

**Signs of the Times:** The current issue of *Barron's* observes that congressional discussion of capital gains tax rates is somewhat hypothetical because many investors have accumulated sufficient capital losses to offset taxable gains for years to come. Also, S&P is considering revising the criterion for their “Dividend Aristocrats” list. Current membership requires that a company have increased its dividend every year for at least 25 years. Owing to so many dropouts from that elite category, S&P may define the threshold for aristocracy down to 20 years. Finally, *The Wall Street Journal* reports that the value of money market funds exceeded the value of stock funds earlier this year for the first time in 16 years. Recent stock market gains modestly altered that situation, but \$3.3 trillion remain in money market funds giving hope to the bulls.