

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

Perspective: Knight Kiplinger, head of the local financial publishing empire that bears his name, has published his personal “investor’s manifesto.” He makes some good points worth considering. Also, Charles Schwab is interviewed in the current issue of *Barron’s* where he shares his vision of the foreseeable future with readers.

Strategy: The July 10 issue of *The Value Line Investment Survey* includes the following market assessment. “The market no longer offers the compelling value that it did several months back, when the Dow Jones Industrial Average was trading down at about 6,500. Back then, the economy was faltering and equity prices were probably too low. The economy is still in low gear, but stock prices are much higher. That combination increases the overall level of risk in the stock market. We continue to feel that a cautious approach to equities makes the most sense at this time.” This is a strategy that procrastinators can live with.

Inflation: Many analysts and commentators see inflation as akin to swine flu; it’s lurking out there somewhere and will eventually hit us. As a service to forum members, some commonly stated conflicting advice will be presented.

Gold: Uncertain times cause investors who might otherwise avoid gold to consider adding it to their portfolio. Both *Morningstar* and *The Wall Street Journal* have recently published cautionary comments on the precious metal.

Reality Check: T. Boone Pickens has been conducting a high-profile public relations campaign to promote development of wind power as a major contributor to the nation’s energy supply. Billionaires tend to attract attention and get respect in our society, so he has enjoyed a great deal of publicity with his message. A few comments will be offered on why Mr. Pickens has begun to look elsewhere to make his next billion—think cheap abundant natural gas. Implications for FPL Group?

COLAs: The Congressional Budget Office projects that there may not be another cost-of-living increase for beneficiaries of federal retirement payments until 2013. But, Medicare Part B premiums will continue to rise, meaning smaller checks for many recipients. It’s a complex story. The full text can be found on the forum website at www.olligmu.org/~finforum/.

Story Stock: Novartis (NVS) is attempting to fundamentally remake the business model for proprietary drug development.