

Investment Forum Program for Wednesday, September 2 at 10:00

Future Meeting Schedule

The forum will continue to meet every Wednesday at 10:00 until the OLLI Fall Program begins on September 21. After the Fall Program begins, the forum will meet at 11:45.

Perspective: The current issue of *Barron's* reports that the big cash hoard waiting on the sideline is one major reason why the Wall Street consensus expects any stock market pullback to be shallow. Cash reserves are now estimated to be about \$3.6 trillion. That amount is larger than the \$2.9 trillion that existed at the October 2007 market peak. Today's cash reserves equal about one-third of the stock market's total capitalization. At the 2007 market peak, the comparable figure was 20% of market capitalization and at the 2002 market bottom it was 30%. Because cash is drawing such meager returns, bulls believe that the market remains in the early stages of a liquidity-driven bull market that could take stock prices substantially higher as investors take on greater risk in search of greater reward.

Cash: So, what should investors on the sideline holding cash in low-yielding accounts do in the current market? In an article entitled "Cash Is Trash," *Kiplinger.com* columnist Steven Goldberg suggests investing in the Vanguard Short-Term Investment Grade Bond Fund (VFSTX) which currently yields 4%. *Dow Theory Forecasts* offers the same advice and recommends that 30% of an investment portfolio be allocated to this fund.

Abreast of the Market: What is high-frequency trading? How does it work? And, most importantly, how does it affect individual investors?

Strategies: Strategies for planned withdrawals from tax-deferred accounts.

