

Investment Forum Program for Wednesday, September 16 at 10:00

Future Meeting Schedule

Starting next week, the forum will meet at 11:45.

Perspective: It's been a year since the historic collapse of Lehman Brothers, precipitating the worst financial crisis since the Great Depression. This weekend's edition of *The Wall Street Journal* carried an "above-the-fold" headline proclaiming "Economic Confidence Rebounds," giving hope that the worst may be behind us. But, it's probably a safe assertion that most investment portfolios (both individual and institutional) have yet to fully recover. However, a short list of investments did well through the *sturm und drang* of the past year. Notable among them are U.S. Treasury securities (with the exception of TIPS), gold and the defensive Permanent Portfolio (PRPFX). Meanwhile, unemployment is nudging 10% and is expected to remain high for several years to come. *BusinessWeek.com* offers a retrospective view on these events and Bill Gross of Pimco offers a prospective view of what they portend.

Currencies: In recent years, exchange-traded funds have empowered individual investors to become currency traders on the cheap; but, which way to bet on the dollar? Conventional wisdom informs us that the dollar will continue to fall against major currencies. But, on the basis of "purchasing power parity," the dollar is already a bargain and may be poised to rise. Parenthetically, since this topic was posted last week, the U.S. Treasury has conducted a successful auction of \$70 billion in notes and bonds with ease.

Sectors: Investors have long been advised that picking the right sectors is the first step in successful investing. The advent of exchange-traded sector funds has made this task much easier to execute. Currently, both *Standard & Poor's* and *Barron's* have been providing advice on which sectors to currently favor and which to avoid. But, the current issue of *Barron's* suggests that, contrary to conventional sector advice, a few selected electric utility stocks are candidates for moderately profitable contrarian investing.

Stock Talk: A recent article in *Time* reports that Wal-Mart (WMT) has major renewed efforts underway to "crush competition." Wal-Mart needs a catalyst to accelerate growth. Over the past year, its stock performance is nearly identical to that of the S&P 500 Index. But, since the market bottom in March it has badly trailed the 500 Index and has yet to participate in the bull market currently underway. However, it is among a handful of major companies whose earnings and dividends have grown steadily through the recession and are expected to continue doing so, although at modest rates.