

Investment Forum Program for Wednesday, March 3 at 10:00

Special Presentation

This week's program will feature a visitor, Brendon Hughes of Charles Schwab. Brendon will bring a prepared 40-minute audiovisual presentation on the Schwab firm's best current advice for individual investors. Both members and visitors are welcome.

Follow-Up: Several weeks ago, Al discussed two exchange-traded bond funds: iShares iBoxx \$ Investment Grade Bond ETF (LQD) and SPDR Barclays Capital High Yield Bond ETF (JNK). On Friday, the PBS *Nightly Business Report* featured an interview with investment strategist Elaine Garzarelli. Among her current buy recommendations is JNK. Her reasoning is as follows. She sees the economy on the path to recovery. Whereas that path will eventually lead to higher interest rates and lower prices for high-quality bonds, it should conversely lead to higher prices and lower yields for junk bonds which are really a play on the balance sheets of troubled businesses. The basic strategy of high yield bond investing is to buy debt issued by troubled companies in the expectation that they have the potential to recover and regain investment grade credit ratings, resulting in bond appreciation. JNK currently yields 12.25%.

Follow-Up: Last week, mention was made of the Vanguard Dividend Growth Fund (VDIGX) and the Vanguard Health Care Fund (VGHCX). Both fund categories are also offered as exchange-traded funds by Vanguard: Dividend Appreciation ETF (VIG) and Health Care ETF (VHT). The first two funds are managed, and the ETFs follow indexes. In both instances there are similarities between the managed and index portfolios, but they are by no means even close to identical. Vanguard basically offers traditional open-end mutual funds to long-term investors and ETFs for short-term traders. By contrast, Vanguard offers an intermediate-term bond index fund as an open-end fund (VBIIIX) or as an ETF (BIV). In this instance, both funds have identical portfolios.

OLLI Weather Policy: Remember, if Fairfax County Schools are closed, OLLI is closed. If schools open two hours late, the forum will meet on time.