

Investment Forum Program for Wednesday, July 28 at 10:00

Future Meeting Schedule

OLLI will be closed for the first two weeks of August. The Forum will resume on August 18 at 10:00.

Opening Comments: A potpourri of tidbits that hopefully will be of interest.

Perspective: One of the oldest and most tested technical analysis and market timing methodologies is the Dow Theory. The *Dow Theory Forecasts* newsletter (www.horizonpublishing.com) is a advocate of the methodology. An excerpt from the July 24 issue is as follows: "In an age when everybody is a portfolio manager, responsible for retirement assets whether you want to be or not, it's worth remembering that defenders of an idea often have a hard time changing their minds. Once you argue that stocks are headed lower, that the jig is up and stocks are rotten, you may find it hard to walk on the sunny side of the street. One nice thing about Dow Theory is its ability to shake up preconceptions. If you've got an opinion on the market but the averages are saying otherwise, you may need to rethink your argument." *Dow Theory Forecasts* currently recommends holding 25% to 35% of portfolios in the Vanguard Short-Term Investment Grade Bond Fund (VFSTX) as a hedge against downside risk. The newsletter currently favors Aflac (AFL), Comcast (CMCSK), DirecTV (DTV), Intel (INTC), Lubrizol (LZ), Newmont Mining (NEM) and Rogers Communications (RCI).

Bonds: If you value having bond guru Bill Gross manage your investment in fixed income, there is a way to retain his services on the cheap through the no-load Harbor Bond Fund (HRBDX). However, there is one caveat to consider. Over the past ten years, the expertly managed Harbor Fund has delivered almost exactly the same returns as the Vanguard Intermediate-Term Bond Index Fund (VBIX) which is managed by an algorithm and charges less for its services.

Strategies: Columnist Paul Ferrell who writes for *MarketWatch.com* is a strong advocate of "lazy portfolios," which are simple diversified well-balanced easy-to-manage portfolios of just three to 11 low-cost no-load index funds. All eight portfolios that he follows have now accumulated ten-year records. Over the past decade, each has outperformed the S&P 500 Index—but not by much. The best of the lot produced an average annualized return of 4.68%; the worst 0.56%.

Gold: In the August issue of *Kiplinger's Personal Finance*, James Glassman writes "Gold is not just an obsession, it is a mystery." It trades on fear, not fundamentals. But, that said, it may have a lustrous future because of demand from growing wealth in parts of the world where ownership of gold is a deeply engrained cultural custom.