

Investment Forum Program for Wednesday, September 15 at 10:00

Future Meeting Schedule

Starting next week, September 22, the Forum will begin to meet at 11:45 under the OLLI Fall Program.

Special Event

This week's Forum meeting will be shortened to one hour in order to accommodate a meeting of the Economics and Finance Resource Group. All Forum members are invited to participate. The Resource Group activity is the process by which course offerings at OLLI are established. The 11:00 meeting will be chaired by Leo.

Follow-Up: (1) Statements made last week by the moderator regarding nuclear power construction were inaccurate. Currently, the Southern Company (SO) has a project underway employing 1,300 workers constructing two reactors which are planned to go online in this decade. (2) A question was raised by a member last week regarding the rationale for owning stocks under current market conditions. On August 25, *Kiplinger.com* posted an article entitled "Why Not to Quit Stocks Altogether," which specifically addresses this concern.

Conventional Wisdom: Investors are being incessantly admonished by investment professionals to avoid fixed-income and buy blue-chip stocks in the current market. In the broad context this simply means being a contrarian investor who avoids running with the herd, buying what is cheap, and selling what is dear. However, the public continues to shun stocks in favor of bonds. Corporate bond issuance continues at a feverish pace even though yields are at historic lows ("rewardless risk"). But, increasingly, there are two classes of blue chips; those that do a major portion of their business in overseas markets and those that operate almost exclusively in domestic markets. This is a distinction that is lost in today's market where stocks with solid fundamentals, low valuations and rising dividends remain out of favor with no evidence that this situation will change in the foreseeable future. The Forum website at www.olligmu.org/~finforum/ has a recent *Kiplinger.com* article on world-class stocks at bargain prices.

Strategies: The Forum is ever vigilant in search of the next sure thing. Recently it was pointed out that equity mutual funds which employ quantitative analysis based on algorithms ("quants") haven't been notably successful in recent years. Now, the Saturday issue of *The Wall Street Journal* reveals that exchange-traded funds based on theories developed by prominent academics, such as Jeremy Siegel and Robert Shiller, also haven't been especially successful. So, the hunt continues.