Investment Forum Program for Wednesday, November 10 at 11:45

Future Meeting Schedule

During the interim period until the OLLI Winter Program begins, the Forum will meet at **10:00** on the following dates: November 17, December 1, 8 and 15, and January 5, 12 and 19.

Perspective: Back when Japan was having its Great Recession in the 1990s, then-professor Ben Bernanke was strongly critical of the Japanese government's failure to stimulate their economy with sufficient aggressiveness. Now that the U.S. faces a similar situation, Chairman Bernanke is taking his own advice and is using the power of the Federal Reserve to "print money" in an attempt to accelerate economic growth and reduce unemployment. The Fed's new monetary policies are controversial, both here and abroad, but financial markets in this country seem to like them—for now.

Exchange-Traded Funds: Last week, discussion focused on the SPDR S&P Dividend ETF (SDY). One perspective to offer on SDY is that, since inception nearly five years ago, its share price has closely replicated that of the benchmark S&P 500 Index but has done so while providing a greater cash dividend payout. And, over the same time period, it has significantly outperformed the similar, but less discriminating, iShares Dow Jones Select Dividend Index ETF (DVY). Caveat emptor: Both ETFs concentrate on the highest yielding stocks which are not always the best investments. However, timing is everything in investing. Both dividend ETFs have returned well in excess of 20% over the past year! On November 4, a writer in *Barrons.com* opined that dividend-oriented ETFs may continue to be attractive investments for the foreseeable future while economic growth remains sluggish.

Mystery Stock: This mega-cap blue chip is out of favor. However, its fundamentals appear to be attractive. *Morningstar* rates it as having a "wide moat" and "low uncertainty." It has steadily grown earnings without interruption for at least the past 15 years. *Value Line* projects that it will continue to grow both earnings and dividends at 10% annual rates for the foreseeable future. Its P/E valuation is below that of the S&P 500 Index and it offers a higher dividend yield than the same index. Its return on equity (ROE) is well above 20%, it has a strong balance sheet and it generates strong free cash flow. Finally, it has one of the world's most valuable franchises with a profitable growing presence in emerging markets.