

## Investment Forum Program for Wednesday, April 27 at 11:45

### Guest Speaker

On **May 4**, the Forum will host a speaker from TIAA-CREF. TIAA-CREF is a financial services organization for qualified members in selected professions, including teachers.

**Perspective:** Why are so many blue chips so cheap? Jason Zweig of *The Wall Street Journal* examines this question in a regular weekly column dated April 16. Historical evidence supports investors' concern for the long-term sustainability of blue chip profits. Over long time spans, it has proven to be very difficult for large companies to maintain blue-chip status. Reversion to mediocrity (or worse) is the norm.

**Strategies:** An old Wall Street adage advises investors to "Go away in May and stay." Perhaps. There is an abundance of historical data to support the contention that, on average, stocks provide their best returns between September and April. But, the decision to "go away" may depend upon which May is at hand. May of 2007 or 2008 were a good times to exit stocks. But, May of 2009 was a good time to being buying or holding stocks. What about the coming month of May? (See this week's handout on the prudence of caution in uncertain times.)

**Stock Talk:** Several weeks ago, it was mentioned at the Forum that perhaps the best place to invest in oil is by buying Goldman Sachs (GS) stock because so much money is being made through commodity trading in oil by firms like Goldman. That begged the question whether Goldman may be a good investment for other reasons as well. Goldman is much in the news these days for a multitude of reasons and it may timely to focus some attention on the stock.

**What You Don't Know Can Hurt You:** Until 2007, most individual investors were blissfully uninformed about "systemic risk," "subprime mortgages," and "monoline insurers." (Except those who read Charles Allmon's now-defunct newsletter *Growth Stock Outlook*.) Today, few are informed about the shaky municipal finances of DeKalb County, Georgia or the growing risks presented by financial clearing houses. Let us hope that situation never changes.

**Follow-Up:** At the last meeting, Johnson & Johnson's missteps leading to over 50 product recalls and numerous hip implant patient lawsuits were chronicled. However, since then, Wall Street appears to be inclined towards forgiveness and is focusing on the company's more promising future prospects. In the most recent quarter revenues grew but income fell, mainly reflecting the cost of bad behavior. And a major acquisition was announced.