

Investment Forum for Wednesday, June 22 at 11:45AM

Future Meeting Schedule

The Forum will meet for the Summer Schedule from June 15 to July 20 at 11:45AM

The Week That Was: For the week ended 6/17, the Dow and S&P posted small gains, less than 1%, breaking six straight weeks of losses.

But markets are still worried about a lot of things, including Greek debt. Greece, though, has a smaller economy than the City of Philadelphia. Why is Greece such a worry? (Or, if this was 2006, the question would be: "Why are subprime loans, a sector of the mortgage market, such a worry?")

Follow-up: In our discussion of MLPs last week, we did not look at actual MLPs and how they perform. The attached schedule compares several of the bigger ones. Note the considerable debt that MLPs carry.

Member Presentations: Tom will look under the hood of TEVA Pharmaceuticals (TEVA) and Bob Springer will discuss The Permanent Portfolio.

Annuities: In the feature article this week, Barrons reported that annuities are hot again, especially for retirees who do not have defined benefit pensions. It further said that many annuities are a superior product compared to those of twenty years ago, which were overly complex and had high and/or hidden fees. Barrons further listed "25 smart choices," in five major categories.

Searching for Yield: Big yields are out there. The problem is the risks you have to take and what you have to put up with to get them. Barrons reported over 8% tax-free yields (equivalent to 13% plus taxable yields) on 30-year muni bonds, issued by several states and backed (solely) by "perpetual" payments by tobacco companies to the states to offset cigarette related health costs. The bet on these bonds: that cigarette consumption will decline by no greater than 2% annually for the next thirty years. If cigarette consumption declines quicker, the tobacco company payments to states declines and could jeopardize the bond repayments. A big buyer of tobacco munis: Bill Gross and the PIMCO Total Return Fund. The same guy I trashed last week for his call on Treasury bond prices. But maybe he knows future cigarette consumption better than Treasury bond values.

Bank Stocks: Time permitting, Tom will discuss Northern Trust, a bank that specializes in serving wealthy individuals, and I will look under the hood of either Citicorp or a smaller bank, with a local presence, that pays a 5% dividend.

Future Forum discussion topics: I got some useful feedback from a few of you after last week's session. More feedback welcome.

John Wood's comments last week on IRA investment withdrawals to reduce the following year's Minimum Required Distribution sparked several requests. I would like to have 2 to 4 members discuss tactics and management of IRA distributions. Volunteers?

You can e-mail me at asmuzynski@verizon.net, or call me 703/455-2716. I will also come early to Forum sessions and stay a bit late; you can bend my ear then.

Attachment

MLPs by the Numbers

Al Smuzynski