

## INVESTMENT FORUM WEDNESDAY, OCTOBER 5

11:45AM

### Future Meeting Schedules

The fall term meets every Wednesday at 11:45AM until November 9, in Tallwood TA-3

***The Week that Was.*** The S&P was down 0.4%, continuing the extreme volatility we have see for two months. The S&P was down 7% for the month of September, down 14% for the third quarter, and down 10% YTD. Those numbers speak for themselves.

***Chart of the Day.*** Gloria Loew will present her technical chart with a discussion of what it means.

***Charitable Gift Annuities.*** Ludwig Benner will give a tutorial on Charitable Gift Annuities. These are one tax deductible charitable contributions, with the donor receiving an annuity for life.

***Tom Crooker Perspective.*** Tom Crooker gives his perspective on the current turbulent market in an attached one page summary.

***Upcoming Don Cassidy presentations.*** On 10/12 and 10/19, we will have videoconference presentations by Don Cassidy, who is from Denver, Colorado. Mr. Cassidy is founder and president of the Retirement Investing Institute, has written books on investing and is a news commentator, and is the program chair of the Denver AAIL chapter. He is speaking to us courtesy of Gloria Loew.

Mr. Cassidy will talk about "when to sell" on 10/12, and investing for income on 10/19. (Perhaps the first session should have been held two months ago?) We will stretch our technology capabilities by seeing him on a monitor, and he will see us, and being able to interact. Paul, the pressure is on!

### ***Forum Members Buys and Sells***

Sold: Vanguard FTSE All-World ex-US Small Cap Index Fund (VFSVX)

Bought: Vanguard High-Yield Corporate Fund (VWEHX)

Sold: Fidelity Global Balanced (FGBLX)

Bought: Fidelity High Income (SPHIX)

Sold: Apple (AAPL)

Bought: Wells Fargo (WFC); Direxion Daily Energy Bull 3x ETF (ERX); Freeport McMoRan Copper & Gold (FCX); Coinstar (CSTR)

### **Forum information and Sites.**

<p><u>Forum Moderator</u> Al Smuzynski <a href="mailto:asmuzynski@verizon.net">asmuzynski@verizon.net</a> 703/501-3032</p> <p><u>Forum Moderator emeritus and wise man</u> Tom Crooker <a href="mailto:twc556061@yahoo.com">twc556061@yahoo.com</a></p> <p><u>OLLI website</u> <a href="http://www.oli.gmu.edu">www.oli.gmu.edu</a></p>	<p><u>Investment Forum website</u> <a href="http://www.olligmu.org/~finforum/">www.olligmu.org/~finforum/</a></p> <p><u>Weekly Program distribution</u> Jim Miller <a href="mailto:jemiller49@comcast.net">jemiller49@comcast.net</a></p> <p><u>To post articles on the Forum website, forward articles links to:</u> Paul Howard <a href="mailto:plhoward@verizon.net">plhoward@verizon.net</a></p> <p><u>DC Metro Chapter, American Association of Individual Investors</u> <a href="http://www.aaidcmetro.com">www.aaidcmetro.com</a></p>
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**Member Self-Introductions.** Last week we began our self-introductions. These will continue as a part of the program for several weeks. All information disclosed is voluntary and within your comfort zone. Your self-introduction may include the following:

You name.

How long have you been a member of OLLI and the Investment Forum?

What was your career field?

How long have you been an investor?

Do you invest primarily in:

Individual stocks and bonds?

Mutual funds (managed or indexed,) ETFs, Closed-End Funds, REITS?

Commodities, gold or precious metals?

Directly in real estate?

MLPs?

Currencies, international investments?

Other investments?

Do you invest in futures, options, or other complex strategies?

Do you consider yourself an income investor, value investor, or growth investor?

Is investing a hobby?

How much time per day, week, month do you devote to following financial markets and investing?

Do you trade or buy and hold? About how often to you buy and sell (daily, weekly, monthly, or less often?)

Do you use an investment advisor?

What investment or financial publications or newsletters do you read regularly?

Are you living off of your investments and investment income, or are your investments providing a material portion of your income?

What topics would you like to see discussed, or discussed more often, at the Investment Forum?

What topics would you like to see less discussion?

Perspective  
Tom Crooker  
October 5, 2011

- The U.S. economy is recovering from a credit crisis. Historically, such recoveries are long slow painful processes. This one may be no exception and the economy may continue to limp along for years to come.
- In contrast, since the end of World War II, most recessions have been “normal.” They have been caused by the Federal Reserve “taking away the punch bowl” when the party became too raucous and threatened to ignite inflation. They ended when the economy cooled down and the Federal Reserve reopened the credit spigot. Exceptions were recessions caused by unforeseen oil price spikes.
- In the September 29 edition of The Wall Street Journal, columnist David Wessel wrote the following paragraph. “In the U.S. it’s hard to see what will power the economy over the next couple of years. It won’t be consumers, still laden with debt. It won’t be housing. Exports are up, but overseas economies are slowing. Local, state and federal governments are retrenching. Small businesses can’t get credit, and big businesses look at all of the above and won’t hire.”
- So, where does this leave investors? On September 29, Mohamed El-Erian, CEO of Pimco, was interviewed on the PBS Nightly Business Report. He offered the following suggestions. “Don’t underestimate the value of cash. It gives you a lot of options. The world is very uncertain. We [Pimco] invest in countries with very strong balance sheets when it comes to the bond side. On the equity side, we are focused on multinationals that are attractively valued and, importantly, have high dividends as cushions. When it comes to corporate bonds, we are also focused on the strongest companies. This is a time to be cautious. This is a time to be patient, because there is a lot of uncertainty and there will be better opportunities to take risks down the road.”
- In a column posted on the MarketWatch.com website on September 30, Mark Hulbert reiterates the importance of dividends in achieving returns for the foreseeable future. He opines that the current post-Great Recession market bears a resemblance to the post-Great Depression market of our parents’ generation when stock returns were strongly dependent on dividends for years. The column is posted on the Investment Forum website at [www.olligmu.org/~finforum/](http://www.olligmu.org/~finforum/).