

TOM CROOKER INVESTMENT FORUM AGENDA FOR FEBRUARY 22, 2012, 10:00AM

The Forum will meet on Wednesdays at 10:00AM through March 14, 2012

Program

The Week that Was. Another up week, 1.4% for the S&P and 1.2% for the DOW. The S&P is up 24% since those bad old days in early October, and up 8.2% YTD. In fact, the Barron's consensus 2012 year-end projection of 1,360 for the S&P was reached on Friday. But we all know that clouds are out there. Will there be a gentle 5% to 10% pullback? Or a 10% to 20% correction? Or a big, bad 20% or worse bear? And when? But then, this is an election year . . .

Stock(s) of the Week. Lockheed Martin (LMT) and Northrop Grumman (NOC.) "Make War, not Love." Lets talk about these two "local" companies, both of which are heavily tied to the defense industry. Both have solid financials, and are shareholder-friendly. But did anyone say "defense cuts?"

Maximum Gain, Minimum Risk. Maury will continue his discussion of the book.

Fixed Income: Individual Bonds vs. Bond Funds. Time permitting, I will compare ownership of individual bonds vs. owning bond funds (mutual funds or ETFs.) And a family of bond ETFs (Claymore BulletShares) that have a single maturity date.

Food for Thought

Correlation and Index Funds. In an article in the Wall Street Journal, Jason Zweig notes that ten years ago, there were 278 indexed mutual funds and 119 indexed ETFs, controlling 16% of all assets in U. S. stock funds. Today, those numbers are 336 mutual funds and 1,148 ETFs, controlling \$1.24 trillion or 33% of U. S. stock funds. He claims that this growth in indexed funds has resulted in much higher correlation - similar price movements for all stocks. And stock pickers have more difficulty beating the market, evidenced by only 17% of managed funds beating their indexes in 2011.

Other reasons for increased correlation are noted: programmed trading, and faster spread of information via the internet, which results in "itchy trigger fingers" by more investors.

Market Predictors. We have all read many predictors of market performance: which party wins the election; whether the AFL or NFL wins the Super Bowl; etc.. How about this one: The Sports Illustrated Swimsuit Edition Cover predictor! Since 1978, when an American girl is on the Swimsuit Edition cover, the market has averaged a 14.3% gain, 88.2% of the time. But when a non-American girl is on the cover, the market total return is 10.8%, 76.5% of the time. (My question: who decided to research this??) This year (drum roll. . .) an American girl will be on the cover! Risk on, fellow investors!!!

Investment Forum Website. You are reminded that the Investment Forum has its own website: www.olligmu.org/~finforum/ The current and previous agendas are posted, along with articles of interest to members. We plan to post more articles than in recent months. If you read an article that you believe would be of interest to Forum members, please forward the article electronically to Paul Howard plhoward@verizon.net, the Forum webmaster. Many members subscribe to the Seeking Alpha (www.seekingalpha.com) daily newsletter, that has many articles of interest (along with lots of junk!)

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