

Investment Forum Program for Wednesday, July 18 at 11:45

Perspective: Bill Nygren, manager of the Oakmark funds, offered an interesting perspective on stocks and bonds which was featured on the *Morningstar* website. Basically, he does not favor either bonds or high-yield common stocks both of which he believes are overvalued because of investors chasing yield. The article is posted on the Forum website at www.olligmu.org/~finforum/

Reality Check: Investors who attempt to follow predictions of economic conditions and financial markets might wish to consider David Ignatius's column in the July 12 edition of *The Washington Post* where he frets about his growing concerns regarding the possibility of a major war in the Mideast. Such an event would rattle markets. Buy defense and oil stocks?

Window on the Market: The *Morningstar* website available through the Fairfax County Public Library (www.fairfaxcounty.gov/library) currently features a recommended buy list of 105 stocks. The list is of interest for what it includes and what is absent. Absent are U.S. blue chip stocks, including major industrial stocks that have recently fallen out of favor. A few European blue chips are included and several big European telecoms. Notable for their numbers are basic materials stocks, oil service stocks and oil and gas exploration-and-production stocks. There are so many of the latter included that it raises the question as to whether the SPDR S&P Oil & Gas Exploration & Production ETF (XOP) might be a timely speculation. However, an examination of the performance of the natural-resource-oriented T. Rowe Price New Era Fund (PRNEX) should give pause to such impulse. Timing is everything in this sector. Meanwhile, there are media reports that prominent opportunistic investors including T. Boone Pickens and Wilbur Ross are buying natural gas resources at distress prices.

A Methodology for Seeking the Very Best Stocks: Why not the best? Leo will discuss the use of *Fortune's Annual List of the World's Most Admired Companies* for identifying prospective investments. However, buying stocks of these companies at the very best prices remains a work in progress.

Member Request: A new member is facing a major decision regarding financing the purchase of a house. He would like to hear input from other members regarding the pros and cons of various choices available to him.

Recent Member Buys and Sells:

Buys

Penn West Petroleum (PWE)
Kinder Morgan Management (KMR)
Cisco (CSCO)
American Express (AXP)
AMR Corporation (AMR)
Pfizer (PFE)
Microsoft (MSFT)
H&Q Life Sciences Investors (HQL)
LeapFrog Enterprises (LF)
Chart Industries (GTLS)
Cerner (CERN)

Sells

MasterCard (MA)
Exxon Mobil (XOM)
Disney (DIS)
American Tower (AMT)

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