

## INVESTMENT FORUM AGENDA FOR WEDNESDAY, JANUARY 16, 2013, 10:30AM

The Winter term begins Wednesday, January 23, 2013 at 11:50AM.

We will meet at this time through February 13.

**The Week that Was.** Equity markets moved up again, 0.38% for the S&P, 0.40% for the DOW, and 0.77% for the NASDAQ. Equities are up over 3% for the first eight trading sessions of the year. We seem to be having a bull market in optimism. That optimism will be tested shortly with the debt ceiling debate, especially since it looks like the \$trillion platinum coin will not save us. And what is going on in Europe? Greek debt, the fate of the EU, and the economies of Italy and Spain have disappeared from the worry chart.

Earnings' season is upon us.

**Return to Equities by Retail (Individual) Investors?** This past week, equity-based mutual funds had their biggest inflows since May 2001. Equity based ETFs and global equity funds also had strong inflows. Is the retail investor back, after being on the sidelines since the recession? If so, will this help fuel a strong market performance in 2013?

Most of us hope so. One "expert" at Wells Capital Management said, "We are at an inflection point where, especially in the U.S., you will start to see net inflows into equities. The risk-taker will be rewarded this year."

So retail investors, many who bailed out of stocks during the recession, are getting back in after sitting out a 120% rise in the S&P since March, 2009 . . .

**Tom and Al on Exchange Traded Funds.** Tom and I will discuss ETFs from two viewpoints. (No, this will not be a "smackdown.") Tom will talk about the use of indexes and how ETFs can encourage poor investment decisions by individual investors; I will take the position that for investors who choose funds over individual stocks and bonds, ETFs have a number of advantages over mutual funds, closed-end funds, and other funds.

**General Electric (GE.)** Time permitting, I will look at GE, which many of you likely own. (Happily, if you bought it since 2009; not so happily if you purchased it earlier.) What is GE? A large, global technology, industrial, energy, and financial services conglomerate. "Conglomerate" was a term popular in the 1970s, but you don't see it used much today. Are conglomerates good? Is diversification within one company a good thing for investors? Or should companies spin off business segments to narrow their focus? This discussion will "keep" to a later session if we don't have time to explore it.

### Buys

SPDR Bank ETF (KBE)  
LeapFrog Enterprises (LF) - children's I-Pad  
ALPS Alerian MLP ETF (AMLP)  
Matthews Asian Growth and Income Fund (MACSX)  
iShares S&P US Preferred Stock Index (PFF)  
Cambiar Small Cap Investment Fund (CAMSX)  
Driehaus Emerging Markets Growth Fund (DREGX)  
Dell (DELL)  
Western Union (WU)  
Kraft (KRFT)  
Freeport McMoran (FCX)  
HealthCare REIT (HCN)  
Apple (AAPL)  
Spectra Energy (SE)  
Global X Superdividend ETF (SDIV)  
Kinder Morgan Management (KMR)  
Kinder Morgan, Inc (KMI)  
Fidelity Small-Cap Discovery Fund (FSCRX)

### Sells

Apple (AAPL)  
Corning (GLW)  
R. R. Donnelly and Sons (RRD)  
AT&T (T)  
Bank of America (BAC)  
Capstead Mortgage REIT (CMO)

### Thinking About . . .

Advanced Micro Devices (AMD)  
Cirrus Logic (CRUS)  
EMC Corporation (EMC)  
American International Group (AIG)  
AIG warrants  
Bank of America (BAC)  
Technology Select SPDR ETF (XLK)  
Monsanto (MON)  
Kayne Anderson MLP (KYN)

### Suggested future topics

Options. What are they?  
Split of Abbott/ABB VIE  
Model fixed-income portfolio

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