

## INVESTMENT FORUM AGENDA FOR WEDNESDAY, APRIL 10, 2013, 11:50AM

The Forum will meet at 11:50AM through May 8

**Market Perspective.** A down week, with all eyes on the weak jobs numbers on Friday. The DOW was down 0.1%; the S&P down 1.0%; and the NASDAQ down 1.95% (the S&P and NASDAQ driven by Apple, down 4.7%??) The jobs numbers should slow the talk about the Fed easing its stimulus via bond buying.

And interest rates. After going over 2% on March 8, the ten-year T dropped to 1.7%. The price of TLT, the long term Treasury ETF, rose 4.5% for the week, including 2.02% on Friday. Who said Treasuries are boring?

Then what about Japan? They are going to be printing lots of new Yen, in an effort to jolt the long sleeping economy. As the World's third largest economy, something will happen. That should devalue the Yen. If you are thinking about buying a Toyota or a Lexus, wait a few months!

**Bonds and Bond Funds.** Bond yields have been falling for over thirty years, with corresponding rising prices of bonds, especially long-term bonds. There have been plenty of warnings that when interest rates rise again, the current market value of existing bonds will go down. However, most bonds have lower price volatility than stocks, and therefore many investors continue to allocate space in their portfolios for bonds, either individual bonds or bond funds.

I will look at a variety of bond funds, what is in them and how their prices and yields change. Because of declining interest rates, most bonds, especially medium and long-term bonds, sell at a premium (the purchase price is higher than the face value, which is what gets paid back at maturity. What happens to that premium, and when? Is it painful?

Tom Crooker will offer several comments on bonds and bond funds and bond managers that he has followed over the years.

Investors used to be able to buy individual bonds from brokers. Now, that has become difficult, with brokers

having low inventories, high demand, and non-transparent prices. Forum members who still buy individual bonds are invited to comment how they do it.

### ***Buys and Sells***

#### Buys

Fidelity Floating Rate High Income Fund(FFRHX)  
Vanguard Dividend Growth Investment Fund(VDIGX)  
Fidelity Conservative Income Bond Fund(FCONX)  
Vanguard Small Cap Index Investment Fund NAESX)  
Fidelity Select Health Care Fund (FSPHX)  
Shell Oil (RDSA) - 2 buys  
Intel (INTC)  
Pinnacle Foods (PF)  
SPDR Gold Shares (GLD)  
Kroger (KR)  
Blackrock (BLK)  
Invesco Value American Fund (MGAV)  
SPDR Select Materials (XLB)  
SPDR Select Financials (XLF)  
Gilead Sciences (GILD)  
Proshares Short S&P 500 (SH)

#### Sells

PPL Corp (PPL)  
Calpine Corp(CPN)  
CF Industries (CF)  
American Express (AXP)  
(AARC)  
Fidelity GNMA Fund (FGNMX)  
(EXO)  
Fidelity total Bond Fund (FTBFX)  
Fidelity Total Emerging Markets (FTEMX)

#### Thinking About . . .

Vanguard Global Ex-US Real Estate ETF (VNQI)  
Apple (AAPL) - 2

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