

## Investment Forum Program for Wednesday, July 17 at 11:50

**Perspective:** In times of adversity, people seek financial safe havens. During the Great Depression when there was real deflation (as opposed to recent fear of deflation) and real bank failures (as opposed to federal government rescues of troubled banks) cash under the mattress was a treasured safe haven. In the 1970s when inflation and recession caused people to feel insecure, gold and real estate were tangible safe havens. Since the recent Great Recession, gold has had a resurrection after several decades of being out of favor (except with die-hard gold bugs who never lost faith) and bonds have gained great popularity. Real estate crashed during the Great Recession and is now enjoying a strong comeback. In recent months, gold has retreated while bonds have suffered significant losses (enough to cause large bond fund redemptions). Perhaps the lesson to be learned here is that there are no real financial safe havens, just investments that go in and out of favor. For most investments, there is a time to buy and a time to sell. The challenge for individual investors is to recognize crucial signals ahead of the crowd, to have the fortitude to take advantage of buying opportunities before they become headline news, and know when to leave the party. Currently stocks are enjoying a rally of historic proportions, but investors remain cautious. Perhaps never in history have so many made so much money and gotten so little satisfaction from it.

**Strategies:** Comments above may seem at odds with received wisdom from the likes of Warren Buffett and Josh Peters. Buffett is fond of opining that a lot of money has been

### **Thinking About:**

Amgen (AMGN)  
Apple (AAPL)  
Clorox (CLX)  
3D Systems (DDD)

made in stocks by doing nothing. Peters recently wrote on the *Morningstar* website that “*inaction* is a very important aspect of our [dividend investing] strategy.” And, recently, *BusinessWeek* featured an article on the successful buy-and-hold strategy of the SunAmerica Focused Dividend Strategy Portfolio (FDSAX). These noteworthy advocates of buy-and-hold investing predicate their strategies on very careful stock selection.

**Stock Talk:** Speaking of very careful stock selection, Sy will discuss Intel (INTC).

**Investor Dilemma:** Some fortunate investors are wrestling with the horns of a dilemma these days. What to do with individual stocks and/or stock funds that have enjoyed run-ups in the current market. Some stocks are looking fully priced, if not overpriced. Some funds may be taking on disproportionately large positions in portfolios. Do nothing? Sell and pay capital gains taxes? If it is the latter course of action, where to invest the proceeds?

### **Buys:**

Cisco (CSCO)  
Intel (INTC)  
NDSL (?)  
United States Natural Gas (UNG)  
Utilities Select Sector SPDR (XLU)  
VWS (?)

### **Sells:**

Alcatel-Lucent (ALU)  
Cisco (CSCO)  
Vanguard Wellsley Income Fund (VWINX)