

INVESTMENT FORUM AGENDA FOR WEDNESDAY, February 19, 2014, 11:50AM, TA-1

The Forum will meet at 10:30AM from February 26 through March 19, 2014.
Thank you, Maury Cralle, for serving as Moderator on February 12.

Market Perspective. Both the DOW and the S&P were up 2.3% for the week. The S&P is now just 0.5% below its all-time high.

The January pull-back of 6% was mild and short-lived, similar to all of the other pull-backs since mid-2011. Those who believe that market corrections (declines of 10% to 20%) are necessary and healthy, are still waiting. And those who like to “buy on the dips” had to buy fast on not much dip.

Economic news for the week was not very newsworthy. Jobs and economic data were soft and earnings are coming in as expected. New Fed Chairman (Chairwoman?) Yellen will keep interest rates low, and continue the downward trajectory of bond purchases. Perhaps the best news of the week (for markets) was that we will not have to worry about political mischief with U. S. debt ceiling for at least a year.

Convertible bonds. “Convertibles” are corporate bonds, that can be exchanged for stock in the company at a predetermined price. They typically pay interest which is lower than the rates for straight bonds, but have price upside if the company’s stock rises above the predetermined conversion price. In theory, convertible bonds have the safety of debt, but the price appreciation potential of stocks.

Investing in individual convertible bonds is tricky. But there are 15 funds that invest in convertible bonds: 10 managed mutual funds, 4 Closed-End Funds (CEFs) and one Exchange Traded Fund (ETF.) We will look at some of those, and compare their yield, and price performance to bond funds and equity funds.

Caterpillar (CAT) and Deere (DE.) These two companies (think construction in places in the World, like emerging markets, where things are being built) have appeared on recent “Buys and Sells” list (mostly “buys.) We will look at them.

Mutual Fund Panel February 26, 10:30AM . Tom Crooker will be moderator of a panel discussion of managed mutual funds.

The Forum is not of one mind when it comes to managed mutual funds (either stocks or bonds.) There

are members who have strongly-held views, pro and con, on the virtues (or lack thereof) regarding managed funds. If you use such funds, why do you choose to do so? Do you use them exclusively or in combination with index funds and/or exchange-traded funds? Do you shun funds altogether and invest only individual securities? If you use managed funds, how do you go about doing so? How do you select managed funds and how do you monitor them and make hold/redemption decisions? What features (fees, risk, performance, stewardship, area of specialization, published recommendations, etc.) are of greatest importance in your perspective regarding managed funds? Do you buy managed funds through a broker or do you deal directly with fund companies? Do you trade managed funds on a regular basis or do you buy and hold? Do you have any advice or admonitions regarding managed funds based on experience to share with fellow members? Do you have any funds that you particularly favor and wish to share with fellow members?

If you are a mutual fund investor, or if you have firm views on managed funds, please consider participating in this panel, or a future panel, or making an individual presentation.

Investment Forum, March 5. The Forum will host Jennifer (J.J.) Davis Senior, Vice-President for Administration and Finance, George Mason University. Ms. Davis will speak on the University’s finances, support from the Commonwealth.

John Woods will be the Forum Moderator on March 5.

Buys and Sells

This week, please list your buys and sells for the 2 weeks ending 2/19/2014.

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