

INVESTMENT FORUM AGENDA FOR WEDNESDAY, AUGUST 20, 2014, 10:30AM, TA-1

The Forum will meet at 10:30AM through September 15. The OLLI Fall term begins on September 22. The Forum will meet from September 25 to November 12, at 11:50AM. t

Be sure to register for the Fall term, which begins September 22. Registration ends Friday, August 22, and 12 Noon.

Market Perspective. During the three weeks since we last met, it seems like a lot happened. Through the second week in August, stocks were down 5% from mid-July, and looked to be heading lower. Perhaps the long-awaited correction was finally taking place. Then things turned around, and we have had two up weeks.

Between July 25 and August 15, the DOW declined 1.8%; the S&P declined 1.2%; and the NASDAQ was up 0.3%. Various international tensions and speculation about the Fed's next moves seem to be driving markets.

The 10-Year Treasury yields 2.4%, its lowest yield (and highest price) in over a year. Bond market gurus, who have been predicting higher interest rates for years, continue to be wrong. Interest rate will rise, someday, perhaps even in our lifetimes.

Covered Calls. In its July 19, 2014 AAll meeting, "Covered Call Writing to Generate Monthly Cash Flow," Dr. Alan Ellman, President, Blue Collar Investor Corporation, discussed the "20-10" strategy for covered call options. I will summarize this strategy, starting with what covered call options are. I will walk through an example of writing (selling) a covered call option.

DOW Chemical (DOW.) Let's look this well-known industrial, which has appeared several times on the Buy/Sell list.

Upcoming Discussions. Next week (August 27,) we will discuss Master Limited Partnerships (MLPs.) MLPs have been a frequent Forum topic over the years, and have delivered excellent yields and price appreciation. MLPs are complex. We will have a wide ranging discussion, including basics of what they are and how they work, and recent events in the sector. This week, the largest MLP, Kinder Morgan, announced a reorganization that will jettison its MLP structure in favor of a standard corporate structure. What does this mean for existing Kinder Morgan owners? Has something changed and will other MLPs do similar reorganizations? Is the new Kinder Morgan (KMI) a good investment? Ed Swoboda and others will lead the discussions.

Sy Sherman will be the Forum moderator on September 10 and will talk about tech stocks. Forum veterans know that when Sy talks tech stocks, we should listen!

Forum Moderator Needed for September 3. I will be out of town the first two weeks in September. I can assist with distribution of the agenda.

Buys and Sells (week ending 7/30/2014)

Buys

Gilead (GILD)

Qualcomm (Qcom)

Yahoo (YHOO)

Transamerica Flexible Income Fund (IDIT) - bond fund, 3.4% yield, 3.2 years duration

Idexx Laboratories (IDXX) - Veterinary medicine, MC: \$6.4B

Villere Balanced Investment Fund (VILLX) - 65/29 stocks/bonds. Morningstar 5 stars.

Buffalo Flexible Income Fund (BUFBX) - 51/17/22 stocks/bonds/cash.

AMG Yacktman Focused Service Fund (YAFFX) - fund now closed. 79/16 stock/cash

El Pollo Loco (LOCO) - Restaurant chain, went public 7/25/2014.

Vanguard Total Stock Market (VTSAX)

Under Armour (UA)

Sells

Mutual Funds to cash

General Electric (GE)

Apple (AAPL)

Panera (PNRA)

Emerson Electric (EMR)

Thinking About . . .

Fastenal (FAST)

Dow Chemical (DOW)

Twitter (TWTR)

Al Smuzynski

Investment Forum Moderator

asmuzynski@verizon.net