

INVESTMENT FORUM AGENDA FOR WEDNESDAY, MARCH 6, 2018 10:30AM,

TALLWOOD, TA-1

We will meet as a “club” through March 21, at 10:30AM, at Tallwood. No registration is needed for club meetings, and guests are welcome.

Market Perspective. A tough week. For the week, the DOW lost 3.1%; the S&P lost 2.0%; and the NASDAQ lost 1.1%. Drivers were talk of higher interest rates, and the possibility of the Fed raising interest rates four times in 2018 instead of three times, based on strong economic numbers and inflationary pressures. And then, the President’s surprise announcement that he would impose tariffs on steel and aluminum, which could unleash a trade war.

Managing My Portfolio When I am No Longer Able. We will continue with this topic, with discussions by Ray Willson, Tom Crooker, and Garrett Cochran.

Sectors. Following up on our discussion last week, that sector funds may include companies which are misplaced. I learned that sector indexes are governed by the Global Industry Classification Standard, and that Standard and Poor and MSCI produce and maintain indexes and companies in the indexes. In November, 2017, there was a review of the indexes and companies in the indexes, and changes will be made through July 2018. The Telecommunications Services sector will be renamed Communication Services.

The take-away from our discussion remains, though. Always look at the companies in any sector fund you are considering, to make sure you are actually buying what you think you are buying.

Upcoming Topics

March 21. Tax Reform. Brenda Bloch-Young will be Forum Moderator and will discuss the implications of the tax bill for the corporations we typically invest in. (This is the topic scheduled for February 7, but cancelled as OLLI was closed.) While the Tax Cuts and Jobs Act reduced the statutory corporate tax rate from 35% to 21%, many multinational corporations we invest in already had a lower tax rate. In particular, technology and pharmaceutical companies based on their ability under the old law to transfer the value of intellectual property abroad. This is often referred to as Base Erosion. The new law has provisions that attempt to limit this practice. The benefit of the tax cuts will be mixed. While many of the details (actual regulations) have not been released yet, there are some interpretations of what the intent was when the bill was passed.

Looking for Yield. Now that interest rates are rising, and likely to continue to rise, I will discuss several fixed income topics as time permits. Those include: higher yield fixed income investments and funds; leveraged funds; mortgage REITs; preferred stocks, convertibles; bond and CD ladders; international bonds, and rolling down the yield curve.

Buys and Sells (Week Ending 2/28/2018)

Buys

Qorvo Inc. (QRVO) - smartphone components. MC: \$10B
Tencent Holdings ADR (TCEHY) - add to
Activision Blizzard (ATVI) - add to
Melco Resorts (MLCO) - Macau casinos
TSP G Fund
Molson Coors Brewing Company (TAP) MC: \$17B
Vanguard Growth Index Fund (VIGAX)
Pepsico (PEP)
Iron Mountain (IRM)
National Retail Properties (NNN)
Kimco Realty (KIM)

Sells

TSP C Fund

Thinking About . . .

Nvidia (NVDA)

Investment Forum Website. The Investment Forum has its own website, www.olligmu.org/~finforum. Or from the OLLI website, www.olligmu.org, and from the Main Menu, click on “Clubs, Group Blogs, and Ongoing Activities,” and then “Investment Forum.” The current agenda and previous agendas are posted, as well as articles in the financial press that members recommend.

Al Smuzynski
Investment Forum Moderator
asmuzynski@verizon.net

