Investment Forum Program for Wednesday, April 18 at 11:30

Preface: Last week's lively session left quite a bit of unfinished business on the program.

Taxes: This would seem to be an appropriate time for the forum to discuss income taxes. An article in the April 9 issue of *U.S. News & World Report* describes why the current political climate in Washington favors tax increases. The article can be read in its entirety on the forum website at www.olligmu.org/~finforum/. Also, *Kiplinger's* makes the argument for taking capital gains before the congress raises the tax rate on them.

Mutual Funds:

- As Ed pointed out in his presentation last week, there are a handful of bond funds that have outperformed the S&P 500 stock index. The Loomis Sayles Bond Fund (LSBRX) was the subject of a lengthy article in the April 3 issue of *The Wall Street Journal.* It's a rare bond fund where returns have outpaced both inflation and broad stock market averages over the past decade.
- Let us compare and contrast the tortoise and the hare. The T. Rowe Price Equity Income Fund (PRFDX), managed by Brian Rogers, is the subject of a feature article in the current issue of *SmartMoney*. The fund has experienced only two down years since 1985 and has averaged annual returns of 10% over the past ten years. Not flashy but steady over the long run, and it pays a little cash along the way. Meanwhile, the current issue of *Kiplinger's* features an article on Ken Heebner, the outstanding manager of the CGM family of funds. Rogers typically holds a stock more than five years. Heebner typically holds a stock for less than five months. And, he has delivered much higher returns to shareholders, on average, than Rogers. "You pays your money and you takes your choice." Not surprisingly, both fund managers are quite bullish.
- SPDR S&P Oil & Gas Exploration & Production exchange-traded fund (XOP)

Stock Talk:

- If Sam Zell is willing to pay 17 times earnings for Tribune Co., would you be willing to pay 12 times earnings for depressed Gannett (GCI) with its attractive collection of NBC TV stations and its online business, in addition to its portfolio of U.S. and U.K. newspapers?
- Wells Fargo (WFC) is out of favor because of its involvement with subprime mortgages. The bank defends its exposure as being less than perceived and bulls suggest this may be an opportune time to buy. For what it may be worth, Wells Fargo is only one of two banks in the world to receive a Triple-A credit rating from Moody's.