Investment Forum Program for Wednesday, June 27 at 10:00

Perspective: The essence of investing is recognizing value and the courage of conviction to act on it. Many stocks experience setbacks. Successful value investors are able distinguish which of many out-of-favor stocks is a viable candidate for profitable recovery. One such candidate may be Intel (INTC). The current issue of *Barron's* includes a very bullish article on Intel's prospects for regaining unchallenged leadership in microprocessor technology.

Guru Watch: Jean-Marie Eveillard is back at the helm of the First Eagle Global Fund (SGENX) after an unanticipated interruption of his two-year retirement. Over his previous 26-year tenure, the fund provided an average annual return of 15.8% (two percentage points ahead of the S&P 500 Index) and experienced only two years in which it reported tiny losses. (In fact, the fund is so popular that it is closed to new investors.) Eveillard sees a lack of stock selection opportunities in the current market, with the possible exception of Japan and South Korea. He is maintaining an 18% cash position in the fund, is bearish on financial stocks, and likes gold as "insurance" in a market he sees as high. By way of contrast, the June 18 issue of *Dow Theory Forecasts* cites three reasons for optimism; namely, favorable trends in profits, economic growth and inflation. And, *Value Line* urges cutting back on equities from an 80% portfolio allocation to 75%. Such diversity of opinion makes markets.

Sectors: The electric utility sector has risen steadily over the past four years, more than doubling from its 2002 bottom. However, the current rise in interest rates has reversed this advance. The Utilities SPDR exchange traded fund (XLU), which includes all the electric utilities in the S&P 500 Index, has fallen about 10% from its recent all-time high. But, the industry has undergone profound changes since the last time interest rates underwent a period of significant increase. Under deregulation, some utilities are now considered to be diversified growth companies. *Standard & Poor's* is expressing guarded optimism for their prospects. They include such candidates as PPL (PPL), Constellation Energy Group (CEG), Edison International (EIX), Public Service Enterprise Group (PEG) and Exelon (EXC).

Strategies: Paul Farrell, who contributes a regular column for *MarketWatch.com*, is fond of discussing "lazy portfolios." Typically, such portfolios consist of a short list of index funds which are suited for passive long-term investors. Despite their simplicity, such portfolios often perform well in comparison with the broad market. A sampling of various candidate lazy portfolios will be presented, and the question of why it is so difficult for investors to make better use of an obviously easy and successful investment strategy will be examined.

Partnerships: Master limited partnerships (MLPs) which own energy infrastructure assets have been a big success in recent years. Now, the energy industry is developing a new class of MLPs that will include "upstream" petroleum exploration and production assets. This new class of investments offers additional opportunities in the energy sector and carries natural resource commodity risks that infrastructure MLPs largely avoid.