

Investment Forum Program for Wednesday, October 10 at 11:30

Perspective: Jonathan Clements writes a weekly column for *The Wall Street Journal* that focuses on topics of interest for individual investors. On October 3, Clements wrote on an anticipated slowdown in corporate profit growth and its implications for stocks.

Follow-Up: American International Group (AIG) has a current P/E of 11 and a forward P/E of 10. According to a recent article in *Forbes*, in a worst-case scenario where all its risky investments fail, that would shave just 13 cents off anticipated 2008 per share earnings of \$7.

The Dollar: The dollar has fallen sharply against the euro, the British pound and the Canadian dollar (“loonie”) in recent times. The conventional wisdom is that the dollar will continue to decline, but a few contrarians disagree and anticipate an eventual dollar rally. For individual investors the more important consideration is to be aware that at least a portion of recent gains in U.S. multinational corporation stocks and unhedged international stock funds can be attributed directly to currency translations. This is a moment to distinguish between being smart and being lucky.

Knowing What You Don't Know: Just a few years ago, individual investors lost a great deal of money investing in information technology and telecom companies of which they had no understanding. It's beginning to happen again with alternative energy stocks. Be aware that the alternative energy sector is “energized” and it may be years or decades before long-term winners can be discerned. But, that inconvenient truth is not restraining Wall Street from touting such investments.

Fallen Angel: There has been a steady drip of bad news seeping out of Wal-Mart (WMT) for years. However, two recent articles on *BusinessWeek.com* and in *The Wall Street Journal* are especially damning for investors.

Keeping It Simple: There are many ways to simplify investing for those who do not wish to devote their lives to the activity. One way to work toward this objective is to invest in mutual funds rather than individual stocks. A further step can be achieved by consolidating all mutual funds with one provider. With this in mind, a half dozen T. Rowe Price managed funds that may be of interest to retirees will be described and discussed. They will include the following: Capital Appreciation (PRWCX), Equity Income (PRFDX), Growth Stock (PRGFX), Health Sciences (PRHSX), New Era (PRNEX), and Science and Technology (PRSCX).

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