

Investment Forum Program for Wednesday, June 24 at 11:30

Perspective: Most members of the forum regard federal entitlements as the bedrock foundation of their financial well being. Given the extraordinary times in which we find ourselves, what is the outlook for this source of income and healthcare benefits? Here are two different scenarios: (1) Entitlement benefits will inevitably have to be restricted through a combination higher beneficiary premiums and co-payments, greater use of means testing, and reduced COLAs. (2) the most potent political force in our society for the rest of our lifetimes will be the Baby Boomers. Woe unto any politician who denies the Boomers their entitlements. Increasingly, government spending will be limited to interest payments on debt, national defense, entitlements and precious little else.

Ahead of the Curve: The Next Big Thing may be energy storage technology. It is badly needed to enable inherently variable power sources such as wind and solar to be effectively utilized on a large scale.

Behind the Curve: Now that the financial market carnage has occurred, James Glassman writing in the July issue of *Kiplinger's* magazine has some advice on "How to Hedge Your Bets." But, better late than never. He includes bonds, inverse funds and options. With a regard to bonds, Glassman quotes data obtained from Ibbotson Associates which repeats the essence of similar information published by *Dow Theory Forecasts* several years ago. Namely, based on long-term historical broad average data, bonds reduce volatility in a portfolio much faster than they reduce returns.

How to Find Successful Investments: *BusinessWeek.com* has sought out the 20 most successful stocks over the past decade and attempted to learn how to spot such winners. Two factors stand out: (1) They are clustered in energy and healthcare and (2) they are exceptionally well managed businesses. By way of contrast, the current rally has been led by "junk" stocks of troubled businesses. If your portfolio has lagged the broad averages it may be a sign that it is burdened with quality stocks.

Stock Research: Investment research is the basis for most discussions at the forum. Yet only a tiny fraction of individual investors use independent research. Most rely on brokers for investment advice.

Remembrance: Economist, investor and author Peter Bernstein recently died at age 90. His prolific writings documented a lifetime of investing wisdom dating back to 1929. He urged investors to regard their gains as a kind of loan that the lender—the financial market—could take back at any time without any notice.