

Investment Forum Program for Wednesday, January 13 at 10:00

Meeting Schedule

The forum will meet next week at 10:00. Starting January 27, the forum will meet at 11:45.

Perspective: The media is broadly portraying the past ten years as a “lost decade.” By some measures it surely was. But, it was also a decade of repeated opportunities. Perhaps it offers lessons that can be helpful to individual investors in the years ahead; otherwise focusing on the rearview mirror is usually an unproductive strategy. One prime example of a lesson learned over the past decade (and not for the first time in the course of history) is the folly of investing on emotion and the madness of crowds. Another valuable lesson learned is that there can be vital information that is hidden from investors, both individuals and professionals, and we can be blindsided at any time.

Strategies: Looking ahead, investors face some vexing uncertainties. Several major unknowns include corporate earnings, interest rate trends, inflation and the value of the dollar in international currency markets. So, absent clear evidence of what lies in store for the year ahead, what are some prudent strategies for individual investors to follow?

Conventional Wisdom: For those who seek investment advice, there is no lack of free information to ponder. Here are a few commonly expressed pearls of wisdom from learned professionals: (1) the folks at Pimco have a pretty dim view of the future. They call it the “new normal.” Head Honcho Bill Gross says throw in the towel and buy utility stocks because the government is going to regulate everything one way or another, so go with formally regulated investments. His Side-Kick, Mohamed El-Erian says get your money out of the U.S. and seek salvation in such havens as those countries known as “BRICs.” Also, put a chunk of your money into hard assets, not paper. (2) Professor Jeremy Siegel couldn’t disagree more strongly. He opines that history teaches us bad decades for stocks are followed by good decades and the best is yet to come. (3) Meanwhile, experienced hedge funds managers with skin in the game have strongly opposing views on inflation and gold. Either current monetary and fiscal policies are setting us up for a big dose of inflation or the global economy is too weak to support inflation for years to come. And, either gold really has an intrinsic value that will endure through whatever may come or it’s the ultimate Greater Fool investment. (4) Finally, academic economist Nouriel Roubini says the end of the current asset bubble is near. He’s said it before—and he was right.