

Investment Forum Program for Wednesday, May 5 at 11:45

Of Note: *BusinessWeek* magazine is now published under the masthead *Bloomberg BusinessWeek* and the content is much improved. Several noteworthy items of interest to individual investors from the current issue will be briefly mentioned. _

Perspective: Large scale deficit spending and borrowing by the federal government are becoming major concerns. But, the solution to this situation remains elusive. Writing in *The Washington Post* in regard to this topic on April 29, columnist David Ignatius opined “It is part of the human comedy that we sense what’s coming but do not take action. The truly devastating shocks aren’t the ones that sneak up on us but those we see approaching, inexorably, yet can’t summon the political will to address.” He closes his commentary with the words “Taking action now would be stupid politics. Better to wait until disaster is at hand.” So, if individual investors are left to fend for themselves, where might they find shelter from the financial storm that is foreseen?

Over There: Writing for *Barron’s Online* on April 29, columnist Randall Forsyth stated “The real problem is the big European banks have gorged themselves on higher-yielding bonds from Greece, Portugal, Spain, Italy and Ireland on the same lazy assumptions that led investors to buy Fannie and Freddie debt thinking it was real triple-A credit. Public opinion will not support a bailout of big European banks. Central banks may not have the ammunition left to counter the crisis.” Meanwhile, columnist Gary Shilling writing in a recent issue of *Forbes* forecasts a large decline in the euro against the dollar and warns investors to sell euro-denominated investments. So, there’s little shelter to be found in European investments (ex-Switzerland).

Strategies: Great brands make great investments. On April 28, the *Financial Times* published an article entitled “Big names prove worth in crisis.” The subtitle read “Top brands are emerging from recession in better shape than rivals.” The advertising firm WPP maintains an index of the top 100 brands, updated each year. The companies represented in this index consistently outperform the S&P 500 Index. The top 10 brands include Apple, Coca-Cola, China Mobile, GE, Google, IBM, Marlboro, McDonald’s, Microsoft, and Vodafone.

Morningstar: The analytical methodologies used by *Morningstar* for both mutual funds and stocks are quite arcane. But, the organization makes an attempt to reveal much of their methods to individual investors. Several forum members have delved into this and the topic will be introduced for the purpose of sharing information.