

INVESTMENT FORUM: PROGRAM FOR SEPTEMBER 28, 2011

11:45AM

Future Meeting Schedule

The fall term meets on Wednesdays at 11:45AM, in TA-3., until November 9.

The Week that Was. Last week's 6.5% decline in the S&P felt like the bad old days of October 2008. Volatility is back. Everything was down, including commodities and gold. Other than Treasuries, which are up.

What will this week bring?

The Short Pitch. Maury will look at two charts, on S&P earnings and NASDAQ prices. He will also introduce AAll (American Association of Individual Investors) and what they do.

Risk Off (aka defensive investing.) After the market performance since July, this seems like a good topic to discuss. What changes do you make to your portfolio, allocations, or strategy when things look uncertain and Mr. Bear is knocking at the door?

Risk Off can include many things. Buying stocks in sectors that are less cyclical. Shifting allocations away from stocks to fixed income, commodities, or real estate. Buying "protection" against declines with options. And the ultimate defensive strategy - selling everything and buying bank CDs or putting money in the mattress. And what are the costs of such defensive moves?

Forum Members Buys and Sells. Last week I started the experiment, with yellow sheets of paper next to the sign in lists, where members could write down their investment buys and sells the previous week.

Buys

Xerox (XRX)
Bank of Montreal (BMO)
Phillips Electronics NV (PHG)
SPDR International Dividend Achievers (DWX)
PowerShares International Dividend Achievers (PID)

Sells

Netflix
American Funds Small Cap World Fund (SMCWX)
American Funds Capital World Bond Fund (CWBFX)

If this kind of list is of interest to Forum Members, then buys and sells will need to be listed on the yellow sheets, or sent to me by e-mail

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I am thinking of buying . . . Another experiment. Members can send me the name of a stock, or other investment you are thinking of buying. I will list the stock on the program and members can provide feedback on the stock. It is likely that a Forum member owns the stock, or knows about it or the segment.

Searching for Yield. A sampling of investment grade corporate bond funds, with the 12 month average yield (per Morningstar) and duration.

	<u>Yield (Annual %)</u>	<u>Duration (Years)</u>
PIMCO Total Return (PTTPX)	3.08	4.37 I Shares
Barclays Intermediate Credit (CIU)	3.89	4.25 I Shares I
Boxx Corporate Bond (LQD)	4.25	7.24 I Shares
Barclays Aggregate Bond (AGG)	3.30	4.50 Vanguard
Total Bond Market ETF (BND)	3.20	4.37 Guggenheim
Bullet Shares 2015 (BSCF)	2.50	All mature in 2015
Guggenheim Bullet Shares 2017 (BSCH)	3.40	All mature in 2017

The Guggenheim funds are bond funds, with all bonds held maturing in one year, at which point the fund liquidates. They address the issue that bond funds never “mature.”

If some of these yields are appealing compared to Treasuries and CDs, it illustrates how far we have come in the past few years on interest rates, and the “new normal.”

Member Introductions. The last thirty minutes of the session, and several sessions following, Forum members will introduce themselves and their investment styles. This was done several years ago, and provided good information about who we are and what kinds of discussions would be valuable to the group. The information and what is provided is voluntary. The more vocal Forum members will lead off.

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