TOM CROOKER INVESTMENT FORUM AGENDA
WEDNESDAY, JANUARY 18, 2012 10:00AM

The Forum will meet at 11:45AM starting Wednesday, January 25, 2012

<u>Presentations and Discussion Topics</u>

The Week that Was. The S&P registered a .88% gain for the week, and up 2.5% for the first two weeks of the year, despite the widely anticipated downgrade of several important European debt. This may make the bailouts of weaker European economies more difficult. But does anybody still care about credit ratings anymore? The downgrade of U.S. debt, previously considered unthinkable, has had no discernible impact on the market for U.S. Treasury debt.

We are into earnings seasons. Will fourth quarter earnings continue to be strong?

Comments from Tom. Tom Crooker continues to mend, but slowly. He return to the Forum is still up in the air. (But he is registered for the Winter term.) I will share with you some of Tom's observations on the markets.

Comments from Bill Brewster. Bill Brewster, a long-time Forum member, will give his personal introduction. Bill is one of our more active and adventurous investors (by Forum standards) and his comments will discuss some of his strategies.

Al on Fixed Income. Will the third (or is it the fourth) time be the charm?? I will once again schedule myself to discuss the yield curve. Most investors appreciate the impact of interest rates on bond prices, but fewer fully understand the impact of changes in the yield curve.

<u>Food for Thought</u>

ETFs in 2011. Net cash inflows into ETFs totaled $118 billion in 2011, in line with net inflows of $119 billion in 2010 and $119 billion in 2009. Industry asset stand at $1.06 trillion, compared to mutual funds which total $11 trillion as of year-end 2011. 35% of the ETF net inflows in 2011 went into equity funds; most of the rest into bond funds. 298 new ETFs were introduced in 2011, which now total 1,432 funds, including Exchange Traded Notes. 88% of funds assets are held by four managers: I Shares, State Street, Vanguard, and PowerShares. ETFs have become more specific with investments and investment strategies, and now attempt to replicate hedge funds and other exotic strategies, which allow small investors to participate in space that they were previously shut out. (Is that good or bad?) Managed ETFs, however, have failed to gain traction. Is that a reaction to ETFs or a reaction to the ability (inability) of 80% of managed funds to outperform a relevant index?

PIMCO Total Return ETF (TRXT.) This highly anticipated ETF will be open on 3/1. It will be actively managed by PIMCO and Bill Gross, and will parallel the mutual fund of the same name, at $250 billion the largest mutual in the nation. The expenses of the ETF will be 0.55% (which is high for most bond ETFs) compared to expenses for the mutual fund ranging from 0.46% to 1.6%, depending on size of investment and class. The Total Return fund beat the relevant indexes for many years, until 2011, when it underperformed.

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