AAII Reno-Sparks Investor Education Group Meeting

Date and Time: **Thursday, February 5, 2014, 7 to 9 p.m.**

Presentation Title and Synopsis:

What's So Ugly About Bonds?

You would think that bonds won an ugly contest. Many investors don't want to be seen with those pigs in their portfolios. Some investors say bonds don't produce worthwhile returns. Others argue that interest rates have to rise and then bonds will sink. A third group reminds us that many bond issuers have flawed credit today.

We've been hearing those arguments for years now, but data doesn't support all the bond-bashing.

Mull this. The 5-year average annual return on a large-cap stock index fund is +15%. But an index fund of long-term Treasury bonds has produced an average annual +12%. That's not shabby. If you look at 10-year-back results for those same two products, you find they've delivered identical average annual returns of +8%. Moreover, the volatility of the long-term bond fund [a measure of market risk] is often less than the volatility of the stock fund.

So maybe bonds aren't pigs... maybe they're sheep. More gentle than we realized and covered with warm, naturally reproducing interest. If we structure our herd of sheep right, they can give us protection from the cold winds of bear markets. [This is beginning to read like Animal Farm!]

At the February meeting, we'll study strategies for buying and owning bonds. We'll look at bonds for the inflation-wary and bonds for the low-rates-are-permanent mindsets. We'll measure the trade-off between buying individual bonds versus shares of a bond fund. Finally, we'll learn how bonds with different characteristics [maturity, rate, price] react to market interest rate changes. When this meeting's finished, you won't hear an oink in the room.

Location: ArrowCreek Residents Center, 2900 Arrowcreek Pkwy, Reno 89511.
Directions: Exit I-580 at Damonte Ranch and go west across Virginia St. Bear left onto Arrowcreek Pkwy and continue west about four miles to the entry gate of the Arrowcreek Community. Tell the guard you are attending the AAII meeting at the Residents Center. Proceed straight 1/2 mile to the first stop sign. Turn right (downhill) into the parking lot for the Residents Center. It's a 10 minute drive from I-580 to the Center building. [NOTE: If you arrive at the Arrowcreek Country Club by mistake, just go directly back across Arrowcreek Parkway to the Residents Center.]

Cost: ***Free***

RSVP Necessary: To use the Residents Center facility, we must provide a list of attendees to the Arrowcreek Security Office prior to the meeting. If you plan to attend, please e-mail your name before midnight, February 4, to.... RenoAAII@AmericanSuperior.ORG

Speaker / Discussion Leader: Alan J. Liebman

Alan Liebman has been helping investors for three decades. He earned a bachelor's degree from Columbia University in physics and a doctorate from Yale in applied physics. Liebman worked in corporate R&D at Xerox Corporation and AT&T for 15 years.

In 1984, Liebman founded American Superior Company in suburban Chicago, a fee-only investment advisory firm. During 31 years of practice, Alan has published a stock market advisory letter, managed stock and bond assets of $60 million, led monthly meetings of AAII-Chicago groups, served as Vice President of the AAII-Chicago Board, and lectured across the country on investment topics.

In 2011, Liebman moved American Superior Company to Reno, Nevada where he continues to serve high-net-worth clients in six states and to help all investors make more informed choices.

NEXT Meeting Date: Thursday, March 5, 2014
Arrowcreek Residents Center, 7 to 9 PM