



THE MOTLEY FOOL®

To Educate, Amuse & Enrich

Fool's School

Investor Types

There are many kinds of investors — see which one (or more) of the types below fits you.

• **Value investors:** These folks focus on fundamentals of companies, such as cash flow and expected earnings, aiming to buy stocks for significantly less than their estimated worth. They're bargain hunters, seeking a sizable margin of safety in their investments. They want to buy a dollar for 50 cents.

• **Growth investors:** These investors seek rapidly growing companies. They're frequently ready to pay top dollar for such firms, forgoing a margin of safety and expecting stock values to keep rising as the companies grow. In the past, stocks such as eBay, Amazon.com and Starbucks have made growth investors happy. They sometimes pull back sharply, though.

• **High-yield investors:** These folks are primarily seeking cash-generating holdings that offer modest risk. They tend to focus on bonds and stocks with high dividend yields, such as real estate investment trusts (REITs) and preferred stocks.

• **Large-cap and blue chip investors:** These investors prefer large, established companies with proven track records of profitability. (Examples: Procter & Gamble, IBM, General Electric, ExxonMobil, Coca-Cola.) These firms are often good dividend payers, too.

• **Small-cap investors:** These sorts are drawn to smaller, younger firms, which can be risky, but can offer the chance of greater reward, as they can grow quickly. Small-cap companies can be more obscure and harder to find information on, but as they're often more focused than bigger, older firms, they're sometimes easier to understand.

• **Mutual fund investors:** These people favor mutual funds, where their money either keeps pace with a particular stock index or is invested in holdings selected by professional money managers. Many funds feature outlandish fees and subpar performance, but other funds can serve you well. Learn more at www.fool.com/mutualfunds/mutualfunds.htm.

These styles are not mutually exclusive. You may look for large-cap companies that are good values, for example, or high-yielding mutual funds.

Learn more at Morningstar.com and www.investopedia.com. ■



My Dumbest Investment

Sold Too Soon

In April 2004 I purchase 200 shares of LifeCell at \$9.04. In January 2006, I listened as a television stock guru berated the stock, and I sold it at \$19.10. That was a bad decision, since the stock went on to top \$48 and was recently in the low \$40s. According to some estimates I've read, the stock has room to move into the \$45 to \$70 range in the next three- to five-year period.

— Gary Christensen, Branchburg, N.J.



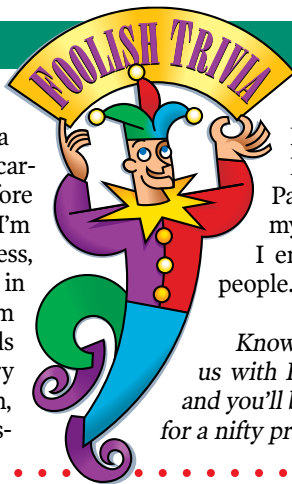
The Fool Responds: Let your investment decisions ultimately be your own. If you hear bad things about a holding, take the time to review it closely before selling. Was the market for LifeCell's reconstructive tissue products shrinking? Were competitors horning in? Was the balance sheet deteriorating, with debt growing and cash vaporizing? Had the share price gotten ahead of itself? Examining these kinds of questions can help you hold on more confidently or decide to sell with conviction. A compromise, if you're torn, is to just sell some of your shares. ■

Do you have an embarrassing lesson learned the hard way? Boil it down to 100 words (or less) and send it to The Motley Fool c/o My Dumbest Investment. Got one that worked? Submit to My Smartest Investment. If we print yours, you'll win a Fool's cap!



Name That Company

Headquartered in Lake Forest, Ill., I'm 163 years old. I was founded by a Swiss immigrant who began making carriages, cabinets, tables and chairs, before moving on to billiard tables. Today I'm a global leader in the marine, fitness, bowling and billiards industries. I take in nearly \$6 billion annually, mostly from boating and marine engines. My brands include Mercury, Mariner, Mercury MerCruiser, Sea Ray, Bayliner, Maxum, Hatteras, Meridian, Sealine, Baja, Bos-



ton Whaler, Trophy, Princecraft, Life Fitness, Hammer Strength and ParaBody. In 2001, I sold my Igloo Coolers business. I employ more than 25,000 people. Who am I?

Know the answer? Send it to us with Foolish Trivia on the top and you'll be entered into a drawing for a nifty prize! ■

The Motley Fool Take

Wells Fargo

Wells Fargo's (NYSE: WFC) recently reported fourth-quarter results were rather poor for this historically high-quality bank. But it's all relative: Many competitors are faring much worse.

Net income for the fourth quarter was off 38 percent, despite revenue growth of 8 percent. The decline was partly due to a \$1.4 billion loss reserve tied to home equity loans. For the full fiscal year, Wells grew revenue 10 percent over year-ago levels, but saw its bottom line fall 4 percent. In a vote of confidence, the bank received a "high-quality" credit rating of Aal, with the rating agency noting that the bank has enough capital to

absorb current losses as well as anticipated future losses.

Though it's not expected that Wells Fargo will suddenly face the harrowing losses that others have dealt with, it's reasonable to expect that 2008 will not be particularly kind. The U.S. consumer continues to feel squeezed, likely contributing to continued losses in multiple lines of the bank's business. Meanwhile, net interest margins have been falling across the industry, draining additional profit.

The stock is down more than 30 percent since this time last year. Still, while good times may not be quickly approaching, it's also not likely that we'll see stocks of Wells Fargo's quality down this much very often. ■



Figuratively Speaking

BY JOHN MACINTYRE
Special To Florida Weekly

47: If the ultimate makeover were possible, percentage of Americans who would like to be Bill Gates, according to a survey by GBC Document Finishing Group.

25: Percentage who chose Oprah Winfrey as the person they would most like to be.

Source: GBC.

24: Percentage of divorced Americans who are supposed to receive child support or alimony, according to a study by divorce360.com.

25: Of those who are supposed to receive child support or alimony, percentage who are receiving all of it.

29: Percentage who are not receiving any of it.

Source: divorce360.com.

22: Percentage of U.S. workers who said they "live to work" rather than "work to live," accord-

ing to a survey conducted by Monster.com.

1: Rank of the U.S. among the four countries surveyed in terms of having the most respondents who selected "live to work."

16: Percentage of French workers who said they "live to work."

15 (tie): Percentage of German and U.K. workers who said the same.

Source: Monster.com.

1: Rank of L.L. Bean among U.S. retail companies in terms of quality of customer service, according to a consumer survey conducted by the National Retail Federation.

2, 3: Ranks of Zappos.com and Amazon.com.

4: Number of Internet-only retailers in the top 10.

Source: Rasmussen Reports LLC.

45: Percentage of workers who have been explicitly informed that their at-work technol-

ogy is monitored, according to a survey conducted by Harris Interactive and commissioned by lawyers.com.

69: Percentage of employees who say they use the Internet for non-work purposes while at work despite company policy.

69: Percentage of employees who say they use their phone for non-work purposes while at work despite company policy.

Source: lawyers.com.

33.3: Percentage of respondents who selected a barista position at the fictitious Central Perk in "Friends" as the TV workplace where they would most like to work even though nearly four years have passed since Monica, Chandler, Ross, Rachel, Joey and Phoebe bid farewell, according to a survey by SnagAJob.com.

24.9: Percentage of survey participants who said they would prefer to don scrubs and work in the ER with Dr. McDreamy and the rest of the "Grey's Anatomy" cast.

Source: SnagAJob.com.

58: Percentage of Americans who say they

What Is This Thing Called The Motley Fool?

Remember Shakespeare?
Remember "As You Like It"?

In Elizabethan days, Fools were the only people who could get away with telling the truth to the King or Queen.

The Motley Fool tells the truth about investing, and hopes you'll laugh all the way to the bank.

Ask the Fool

401(k) vs. 403(b)

Q How do 403(b) plans and 401(k) plans differ?

— R.W., Vero Beach, Fla.

A While 401(k) plans are tax-deferred retirement plans for workers at private-sector companies, 403(b) plans are similar, meant for employees of educational institutions and some nonprofit organizations. With both plans, you contribute "pre-tax" dollars, which are invested and grow tax-free until withdrawal, at which time taxes enter the picture.

While 401(k)-providing employers are responsible for administering the plan (or for paying a firm to do so), 403(b)-providing employers have no such burden. So they often permit ex-employees to continue to participate.

With both plans, employers often offer to match employee contributions to some degree. If your employer does so, be sure to take maximum advantage, as this is free money. Employer contributions to 401(k) plans can have vesting periods of up to several years, while 403(b) plans typically feature immediate vesting of any employer contributions. In both cases, employee contributions are immediately fully vested.

Learn more at www.fool.com/money/401k and www.403bwise.com.

Q What are the real names of "Freddie Mac" and "Fannie Mae"?

— John G., Petaluma, Calif.

A Originally known as the Federal National Mortgage Association and the Federal Home Loan Mortgage Corp., Fannie Mae and Freddie Mac are federally chartered, public companies that make mortgage money available for Americans. Instead of actually lending money, they operate in the secondary mortgage market, buying from lenders most loans under \$227,000 or so (with money raised by issuing debt), so that the lenders can make additional loans with the proceeds. They then package together bundles of similar loans and "securitize" them as "mortgage-backed securities," so they can be sold and traded.

Got a question for the Fool? Send it in — see Write to Us. ■

trust "business," according to Edelman's 2008 Trust Barometer survey.

39: Percentage who say they trust government.

Source: Edelman.

94.1: Percentage of executives in the U.S. who report current or impending shortages of quality leadership talent, according to a survey conducted by Stanton Chase International and Birkman International.

90.4: Percentage who perceive a gap in talent between baby boomers (current corporate leaders) and the younger generations.

48: Percentage who say this shortage critically or significantly affects their organizations' senior management level.

Source: Stanton Chase International. ■

Idle Thought

"What the mind doesn't understand, it worships or fears."

— Alice Walker, author