

THE MOTLEY FOOL®

To Educate, Amuse & Enrich

Fool's School

Meet Warren Buffett

What do you know about Warren Buffett, one of the world's richest people? Probably not enough.

Born and raised mostly in Omaha, Neb., Buffett was fascinated by the stock market from a very early age. He bought his first shares of stock at the age of 11, making mistakes and losing some money along the way, as every investor does. But he kept learning and applying what he learned. He had \$9,000 in the bank when he graduated from high school. (Adjusted for inflation, that's more than \$90,000 in today's dollars.)

Today Buffett heads up Berkshire Hathaway, a company he built with his partner, Charlie Munger. It has made many people very rich, and it is actually a collection of many smaller companies that Buffett bought in their entirety, such as Dairy Queen, GEICO, Fruit of the Loom, Benjamin Moore, See's Candies, Executive Jet, FlightSafety, Nebraska Furniture Mart, The Pampered Chef and the Buffalo News (a newspaper company).

He also owns big and small chunks of many other companies, having bought their stock. As of the end of 2006, for example,

Berkshire Hathaway owned sizable portions of American Express, Coca-Cola, Procter & Gamble, The Washington Post, Anheuser-Busch, Johnson & Johnson and Wells Fargo.

How has Buffett done? Well, remember that the stock market on average has grown by about 10 percent per year, on average. Meanwhile, Buffett's company has grown by more than 21 percent per year, on average, since 1965, and is now worth more than \$200 billion (a fifth of a trillion dollars). Ten thousand dollars invested with Buffett in 1965 has grown to be worth more than \$36 million. Buffett is leaving most of his own tens of billions to charity.

Fortunately for us, Warren Buffett is not just a great investor, but also a great teacher, eager to help people be sensible about investing. You can learn from his many educational (and entertaining!) annual letters to shareholders at www.berkshirehathaway.com, and read about his amazing life and achievements in Roger Lowenstein's terrific biography, "Buffett: The Making of an American Capitalist" (Main Street Books, \$19). ■



My Dumbest Investment

Serene Investing

Lord, grant me the serenity to accept the things I cannot change, the courage to change the things I can, and the wisdom to know the difference. This means don't invest in things you don't know much about. I made a real estate investment in a marginal property and lost hundreds of thousands of dollars. It makes every mistake I ever made in the stock market appear trivial. Blind faith, hunches, and the assumption that there is a solution to every problem are what lead people into financial disasters. You must know your limitations and not fall prey to gimmicks, fads or addictions.

— A.M., Honolulu

The Fool Responds: You're right. Hunches and assumptions can sink us financially. They can sink us in stocks, too, when we blindly act on a hot stock tip or assume that just because a product is popular, that its company's stock will go through the roof. (The stock may already be overpriced.) It's best to take the time to learn all about investing before jumping into things that seem too good to be true. You might start at www.fool.com/investing.htm. ■



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!

Last week's trivia answer

Founded in 1923, my business stems from the mammal *mus musculus*, cousin of Speedy, Mighty, Jerry, Danger, Fievel, Itchy and Motor. Many people, especially small ones, think I'm supercalifragilisticexpialidocious.

I opened my first park in 1955 and now operate a bunch in the U.S., France, Japan and Hong Kong. I'm the second-biggest media conglomerate in the world, with four major business segments: studio entertainment, parks and resorts, consumer products, and media networks. My brand names include Pixar, Miramax and ESPN. My main TV network is easy as 1-2-3. I built a utopian city in Celebration, Fla. Who am I? ■

(Answer: Walt Disney Co.)



Write to Us! Send questions for Ask the Fool, Dumbest (or Smartest) Investments (up to 100 words), and your Trivia entries to Fool@fool.com or via regular mail c/o this newspaper, attn: The Motley Fool. Sorry, we can't provide individual financial advice.

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

Should I Borrow to Buy?

Q Why shouldn't I borrow against my credit card and invest in the stock market?

— K.L., via e-mail

A Danger, Will Robinson! The U.S. stock market has, over decades, averaged about 10 percent per year in returns. But that's an average. In some years, it loses money such as 9 percent in 2000, 12 percent in 2001 and 22 percent in 2002. (This was followed by a 28 percent gain in 2003 and an 11 percent gain in 2004.) Meanwhile, credit cards were recently charging an average rate of about 13 percent to 14 percent. So overall, in the long run, you're likely to lose more than you gain if you try to make money in stocks while forfeiting money to credit card issuers.

Q What does "UIT" stand for?

— Liz, via e-mail

A It's a unit investment trust, invested in a relatively fixed portfolio of securities (such as, say, five or 20 stocks or bonds), with no investment manager buying and selling holdings throughout its life. The UIT components are held until the trust is liquidated at a predetermined date in the future — which could be several or many years down the road. Investors who want to trade shares of UITs before they mature can often do so on the secondary market.

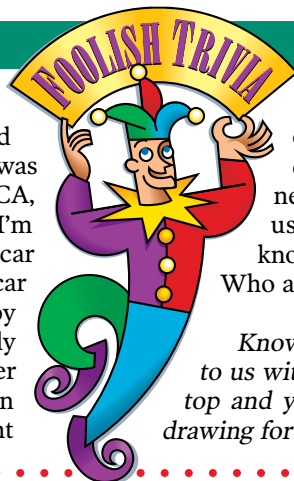
Unlike a mutual fund, UIT share prices in the secondary market may be priced above or below the net asset value of the trust's actual holdings. When you buy shares of UITs, you typically pay a sales fee, or load, of around 4 percent or 5 percent. But you should note that many mutual funds carry no sales load at all.

You can learn more at www.sec.gov/answers/uit.htm.

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

Name That Company

I was founded in Chicago in 1918 by a 22-year-old who rented out a dozen Model T Fords. I was later owned by General Motors, RCA, United Airlines and Ford. Today, I'm the world's largest general-use car rental brand and the No. 1 airport car rental brand. I had 1,000 locations by 1955, and today they number nearly 8,000 in 145 nations. I now offer hourly rentals, as well as a "Green Collection" line of energy-efficient



hybrid vehicles. I operate a top American equipment rental business. In 1994, I stopped using my most well-known celebrity endorser. 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

Forget China

The Shanghai stock market, as measured by the Shanghai Composite Index, was recently up a whopping 70 percent, year over year, after being up more than 100 percent earlier.

China's market has cooled, but it's still unquestionably hot. While China's economic growth is very real, so was the growth of the Internet nearly a decade ago — and that turned out very, very badly.

China will likely have a stronger and more impressive economy a decade from now, but there are signs of inflation as well as signs that the country may have to moderate its growth to conserve one of the most basic resources we all take for granted: water.

In other words, the balance of risk and reward is now better in other developing economies — ones that haven't seen their markets triple in a few short years. Look at Mexico, Brazil and Chile, for example, as they offer above-average growth potential and plenty of intriguing opportunities.

No matter how bright the future, investors must take a pass when valuations become unfavorable — as they have in China. Fortunately, we have the rest of the world to look to for bargains, and now is a promising time to get going. For help zeroing in on attractive international investments, check out our Motley Fool Global Gains newsletter at www.globalgains.fool.com. ■



BUSINESS BRIEFS

Speaker to discuss local government policies and its effect

Matt Walsh, publisher of Gulf Coast Business Review and other regional publications, will be in Fort Myers March 11 to address the impacts of local officials' and government policy on economic trends. The presentation will take place at the Real Estate Investment Society March 11 luncheon meeting.

Under the guidance of Walsh, Gulf Coast Business Review strongly supports and promotes laissez-faire capitalism and private property rights. Walsh previously served as assistant business editor of the Miami Herald, editor of Florida Trend magazine, and Southeast Bureau Manager of Forbes magazine. His presentation to REIS is expected to focus on the economic implications of government pol-

icy and strategies for the business community to prevail in the light of such policies. Following the presentation, Walsh will address questions of specific interest to the real estate investment and development industry.

The meeting is sponsored by Andrea Burson Realty, LLC, and will begin promptly at 11:45 a.m. on Tuesday, March 11 in the Magnolia Room at Pelican Preserve's Town Center, on Colonial Boulevard, one mile east of I-75 exit 136 in Fort Myers. Admission is \$25 for members and \$35 for guests, which includes lunch. Reservations are required by March 11 and may be made by calling Sharon Heston, (239) 410-1253, or visiting www.reis-swfl.org. ■

Networking to build your business seminar set

The Sanibel-Captiva chapter of the American Business Women's Association

will host a seminar by Suzanne Willis on "Business Etiquette for Peak Performance" at their monthly meeting on March 11 at the Sanibel Community Center. Networking begins at 5:30 p.m., and dinner is served at 6.

Willis is a communications specialist with more than 17 years of experience in the hospitality industry. Her company, Willis Consulting & Communications, Inc. provides interactive workshops, classes, and one-on-one consulting to help businesses and individuals improve their image, enhance their public relations, and communicate the messages most important for personal and professional success.

Confused about how to make a good impression during an important business luncheon or dinner? Willis will cover the following topics in her presentation: Confidence in dining etiquette; Skills for suc-

cessful networking; Three biggest mistakes people make in business etiquette; The "B" and the "D" of dining etiquette; How to navigate a multi-course meal with finesse.

The ABWA, which meets on the second Tuesday of each month, focuses on bringing together women of diverse professional and business interests to provide opportunities for them to help themselves and others grow personally and professionally through leadership, education, networking support and national recognition. The purpose of the networking meeting this month is to build networking skills and provide business building opportunities for Sanibel and Captiva businesswomen.

RSVPs should be made to President Gayle Garland at 565-7872 or at godehaan@comcast.net. Reservations should be made by noon March 7. ■