



THE MOTLEY FOOL®

To Educate, Amuse & Enrich

Fool's School

Are Your Kids Investing?

Getting your kids to eat vegetables isn't enough. Give them a financial head start by introducing them to investing. With time on their side, they can reap great benefits from the magic of compounded growth. Try playing and experimenting together:

(1) Build a mock portfolio. Have your kids list companies that interest them. If they look around their home, classrooms, the mall and on TV, they'll see firms such as Nike, Microsoft, Coca-Cola, Kraft Foods, Apple, Wal-Mart, McDonald's, Kellogg, Disney, PepsiCo and Johnson & Johnson. Have them list a dozen companies on a sheet of paper, with ticker symbols, current stock prices and today's date. Every day or week, have them record the latest prices. Calculate the gains or losses regularly. Such short-term stock price movements aren't terribly meaningful, but they can help a child understand how the market works. (Set up an online portfolio, perhaps at <http://finance.yahoo.com>, and tracking your holdings will be a snap.)

(2) Follow the companies together —

you'll find some news reports at <http://caps.fool.com>. Watch the companies expand internationally, add stores, announce new products or services, report quarterly sales and earnings, and discuss their strategies. Read through their Web sites and annual reports. Note how news affects stock prices.

(3) Eventually, help your child actually invest. You can open a custodial brokerage account, with you acting as the overseer. Or informally "sell" some of your own shares to your child. If you own shares of PepsiCo, you can sell a few to your child at its current price. If you're about to buy 100 shares of Google and your child wants to buy a share or two herself, you can buy 101 or 102 shares. Once your child turns 18, she can open her own brokerage account.

Help your kids get started. Your teens (and clever pre-teens) can learn more at www.teenanalyst.com, www.brassmagazine.com and www.fool.com/teens, or in our book "The Motley Fool Investment Guide for Teens: 8 Steps to Having More Money Than Your Parents Ever Dreamed Of" by David and Tom Gardner with Selena Maranjian (Fireside, \$15). ■

My Dumbest Investment

Very Limited Partnerships

Back in the 1980s, I tied up more than \$40,000 in a handful of limited real estate partnerships. Over time, my modest gains were eroded by delays, legal problems, unrented spaces, real estate broker fees and steep executive salaries. It took more than 10 years to get out of the investments. I was lucky to break even, but I lost many years' worth of gains that I might have made elsewhere with the money. I was frustrated that there was no secondary market in which I could sell them. — D.S., via e-mail

The Fool Responds: One major drawback of limited real estate partnerships is that you can end up feeling trapped, as you can't get in and out of them as easily as you can stocks and mutual funds. Investors interested in real estate might want to learn more about stocklike real estate investment trusts (REITs) at www.reit.com and elsewhere. Or investigate real-estate-focused funds such as Cohen & Steers Realty (ticker: CSRSX), Third Avenue Real Estate Value (TAREX), CGM Realty (CGMRX) or Russell Real Estate Securities (RRESX). Look them up at Morningstar.com. ■



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

I was founded in 1901 by two Milwaukee men intent on "taking the work out of bicycling." (Back then you'd buy gas for my products a pint at a time, at drugstores.) Twenty-thousand of my products served in World War I. In 1965 I set a world land speed record of 177 mph. I'm known for teardrop-shaped gas tanks, "knucklehead" engines, "Fat Boys," and the Buell, Cagiva and MV Agusta brands. My stock price has accelerated some 16-fold over the last 20 years, I rake in more than \$5 billion annually, and my ticker symbol is rather porcine. Who am I? ■

(Answer: Harley-Davidson)



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

How Now, Dow?

Q What's "the Dow"?

— P.D., Akron, Ohio

A It's the Dow Jones industrial average, created in 1896 by Charles Dow, who also established *The Wall Street Journal*. Though many people think of the Dow as a representation of the entire stock market, it's really just an index of 30 major American companies. These blue chips include 3M, Boeing, General Electric, DuPont, McDonald's, Procter & Gamble, IBM, Caterpillar, Coca-Cola, Merck, American Express, Walt Disney, Wal-Mart, ExxonMobil and more. The roster doesn't change often, but there has been a lot of activity in recent years. In 1999, Sears, Union Carbide, Goodyear Tire and Chevron were replaced by Home Depot, Microsoft, Intel and SBC Communications (later to become AT&T). In 2004, International Paper, AT&T and Eastman Kodak were replaced by Pfizer, Verizon and AIG. In 2008, Altria, Honeywell and AIG gave way to Chevron, Bank of America and Kraft Foods.

Q What is a company's "business model"?

— B.H., Opelika, Ala.

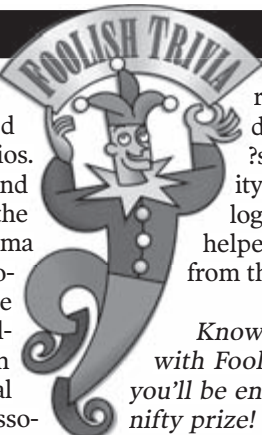
A No, it's not Alan Greenspan in a bikini. A business model is how a company makes its money. Think of eBay and Amazon.com. eBay connects individual buyers and sellers online and profits by taking a percentage of each sale — all without carrying any inventory. Amazon.com's main model is more capital-intensive, requiring warehouses to store many products so that they can be quickly shipped out to customers. Even more capital-intensive is Barnes & Noble, with its hundreds of brick-and-mortar stores. (eBay is a *Motley Fool* Inside Value selection. eBay and Amazon.com are *Motley Fool* Stock Advisor recommendations.)

When evaluating a company, assess how attractive and profitable its business model is. Will it permit the firm to grow quickly and to fend off competition? Is it expensive to maintain? ■

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

Name That Company

I was founded in Chicago in 1928 by the Galvin brothers, who coined my name to reflect motion and radios. In the 1930s I made car radios and police cruiser receivers. I invented the first walkie-talkie and the Six Sigma quality improvement process. I introduced the first commercial portable cell phone in 1983 and the first all-digital, high-definition television standard in 1990. Today, I'm a global force in wireless handsets and accesso-



ries, digital entertainment devices, wireless access systems, enterprise mobility and more. My "Batwing" logo was adopted in 1955. I helped Neil Armstrong speak from the moon. 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

IBM's Smart World

In this year's letter to shareholders, IBM (NYSE: IBM) CEO Sam Palmisano says, "We will not simply ride out the storm. ... Rather we will take a long-term view, and go on offense."

IBM has been firing on all cylinders lately. Earnings per share soared by 24 percent year over year in 2008, while sales rose 5 percent to \$103.6 billion. Big Blue has nearly \$13 billion in cash equivalents.

That sets IBM up to jump on the hottest opportunities out there. To Palmisano, that means investing in a new world order, using global interconnectedness to run everything "smarter," and tackling problems such as inefficient energy usage, traf-

fic congestion, and unnecessarily expensive food production. All can be improved with technology. And IBM wants to be the company that makes it all happen.

IBM's early efforts in "smart" infrastructure technology around the world have already decongested Stockholm, improved water management in Brazil and started work on an automated power grid in Malta. IBM has also partnered up with Google for smarter electronic storage of health records.

With such a large war chest and a well-defined plan of attack, IBM seems poised to make this "smart world" vision a reality, but that's not to say there won't be competition. Still, with a recent P/E ratio around 10 and a dividend yield above 2 percent, IBM is an attractive blue-chip. ■

BUSINESS BRIEFS

TARP program set for discussion

The Southwest Regional Manufacturers Association presents "Troubled Assets Relief Program and How it Affects Our Community" April 13 at 5:30 p.m. at Edison State College. Guest speaker Alex Sanchez, president and CEO of the Florida Bankers Association, will discuss the TARP program.

This networking event begins with appetizers and refreshments at 5:30 p.m. at Taeni Hall, Room S 106 and 107, Edison State College. Mr. Sanchez speaks at 6 p.m.

"TARP money is not a bailout. It is not a grant check. It is the purchase of our banks' stock so, in effect, the fed-

eral government now owns part of our banks," Mr. Sanchez said.

The Southwest Regional Manufacturers Association is a professional organization representing local companies engaged in manufacturing operations producing products for local, national, and international markets.

The event is open to members and the public. Reservations are required. Call Chet Sadler at 634-4295. ■

New in business

Carlo Consulting Company, a strategic purchasing consulting company, has relocated to Fort Myers. The company specializes in reducing the purchase price of goods and services for small, mid-size and Fortune 100 companies.

What differentiates this consulting company from others is the unique, cost- and risk-free approach for its services. The only fee is a percentage of the amount saved on purchase price reductions for goods and services currently purchased. For information, call 466-3704 or e-mail johnmcarlo@aol.com. ■

Cape Construction meeting discusses job creation

The Cape Coral Construction Industry Association will host its monthly meeting April 9, focusing on the issue of bringing jobs to Lee County. Attendees will hear about monies earmarked to



target businesses that want to expand in or relocate to Lee County. Lee County commissioners have approved to a plan that designates \$25 million in county funds for economic development incentives. Lee County Economic Development Director James W. Moore will serve as the keynote speaker.

The meeting will take place at La Venezia ballroom, located at 4646 SE 10th Place beginning at 5:30 p.m. with networking and dinner followed by the program at 6:30 p.m. Cost to attend is \$25 for members, \$35 for non-members. For reservations, contact the CCCIA office at 772-0027. ■