

## Ask the Fool

### Fund Losses

**Q** Can I lose all of my money in a mutual fund? — *G.K., Norwalk, Conn.*

**A** While some stocks can and do fall to zero, mutual funds rarely do, since they contain many different holdings. (Most stocks aren't huge gambles, though: If you've been keeping up with your companies' financial reports and news coverage, you'll likely spot red flags long before a company goes out of business.)

Still, many funds can significantly underperform the overall market. If you don't have faith in your fund's management and don't expect it to perform well in the future, you should sell, taking the loss. Why leave money there, either stagnant or falling in value, when it could be growing elsewhere?

Just as there are good and bad stocks, there are good and bad funds. We've recommended a bunch of top-notch, low-fee funds, as well as some model portfolios, in our "Rule Your Retirement" newsletter. Try it for free at [www.ruleyourretirement.com](http://www.ruleyourretirement.com) and read all about them.

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**Q** Does a lower stock price signify a smaller company? — *E.M., Goshen, Ind.*

**A** Not at all. You must factor in the number of existing shares to get an idea of a company's size. If the Free Range Onion Co. (Ticker: BULBZ) has a stock price of \$10, for example, and 1 billion shares outstanding, its market price ("market capitalization," or "market cap" to use Wall Street lingo) is \$10 billion. If it has just 200 million shares outstanding, its market cap is \$2 billion.

For some real-life examples, look at General Electric, Safeway and Ethan Allen. All were recently trading for around \$21 per share, but their market caps were, respectively, \$219 billion, \$8 billion and \$640 million.

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



# The Motley Fool®

To Educate, Amuse & Enrich

## Fool's School

### Save Travel Dollars Online

Your travel memories may be priceless, but traveling costs money. Learn how to save money on future journeys at [www.fool.com/travel](http://www.fool.com/travel) and below:

- Take advantage of online resources. You can comparison-shop and make reservations for airfares, hotels and car rentals at sites such as: [Kayak.com](http://Kayak.com), [Hotels.com](http://Hotels.com), [Travelocity.com](http://Travelocity.com), [Expedia.com](http://Expedia.com), [Momondo.com](http://Momondo.com), [Sidestep.com](http://Sidestep.com), and [Orbitz.com](http://Orbitz.com). Check several, since some airlines are included only on a few, or no, search engines. You can also make reservations directly through the websites of airlines, car rental companies and hotel chains.

- You'll find plenty of facts, tips and deals at [www.lonelyplanet.com](http://www.lonelyplanet.com), [www.roughguides.com](http://www.roughguides.com), [www.fodors.com](http://www.fodors.com), [www.frommers.com](http://www.frommers.com), [www.cruise.com](http://www.cruise.com), [www.amtrak.com](http://www.amtrak.com), <http://travel.yahoo.com>, [www.airfarewatchdog.com](http://www.airfarewatchdog.com) and [www.lastminutetravel.com](http://www.lastminutetravel.com).

- Here are some of the things you'll learn: Earlier airline flights are less likely to be delayed. Hotel

rooms above the first floor tend to be safer. You needn't buy insurance when you rent a car, as your credit card or your own car insurance may offer that. Trips with connecting flights can be cheaper than direct flights. Using the second-closest airport may save you money, too.

- At sites such as [Priceline.com](http://Priceline.com) and [Hotwire.com](http://Hotwire.com), you can grab extra-low prices if you're willing to give up a little control. Consider using an experienced travel agent, too, especially if you're too busy to do much research or have some specialized needs.

- Take advantage of group discounts. Many airlines, hotel chains and car rental agencies offer reduced rates to special groups. Senior citizens, for starters, get some discounts, as do members of AARP and AAA. Discounts are often available for young people and students (visit [www.statravel.com](http://www.statravel.com) for some leads). You may also qualify for some discounts through your employer or a professional or social organization. Even membership in a warehouse club can present you with some special deals.

- Look before you leap. The world is not a uniformly friendly place to all travelers. Get the latest in travel advisories from the State Department, at [www.travel.state.gov](http://www.travel.state.gov). Bon voyage!

## My Dumbest Investment

### When There's One ...

One of my dumbest investments was in Friedman's, at one time the third-largest jewelry chain in the U.S. The stock had tanked when an investigation by the Securities and Exchange Commission (SEC) was announced. I figured the investigation was informal and the stock was cheap, but the price just kept falling after I bought, and the company eventually filed for bankruptcy protection, wiping out my investment. I learned to flee from SEC investigations. It's like turning on the lights in the kitchen at night and finding a cockroach: There's always more than one cockroach lurking somewhere. — *Felix, Singapore*

**The Fool Responds:** It can be tempting to snap up shares of a stock that crashes, but remember that stocks often crash for good reasons. Just because a stock is down, say, 80 percent, doesn't mean it won't be down 90 percent by next week.

Some SEC investigations don't go anywhere, but it's much safer to stick with healthy and growing companies rather than troubled ones, unless you understand their troubles very well. In 2008, Friedman's CEO was convicted of securities fraud, mail fraud and participation in accounting fraud.



*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

Born in 1886 and based in Wisconsin, I've morphed from a modest parquet flooring company to a privately held global consumer products giant. My brands include Pledge, Glade, Windex, Ziploc, Kiwi, Shout, Fantastik, Drano, Raid, OFF, Saran and Grand Prix. I've offered paid vacations since 1900 and introduced profit sharing for all in 1917. I removed chlorofluorocarbons from my aerosol products three years before the U.S. mandate. I donate 5 percent of pre-tax profits to charitable causes and have won awards for social and environmental responsibility. Frank Lloyd Wright designed several of my buildings. Who am I? (Answer: SC Johnson)



**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](mailto: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.*

## The Motley Fool Take

### Lockheed Martin's Upward Future

When investing for your future, you should think about ... the future. Your goal is to assemble a team of high-quality "core stocks" that will stand the test of time. Consider Lockheed Martin (NYSE: LMT).

Why? Well, Lockheed recently announced fourth-quarter net profits up an astounding 26 percent over 2009 levels, and it's not slowing down. The company booked \$20.5 billion in new business in the quarter, too.

Meanwhile, a key reason to own Lockheed Martin is its plan to build the plane that U.S. Joint Chiefs Chairman Adm. Michael Mullen says will be "the last manned fighter" jet ever to be built: the F-35 Lightning II.

Israel has announced its desire to buy \$1.8 billion worth of F-35s, a number that may eventually swell to \$15.2 billion worth of F-35 hardware and ancillary services. Canada plans to buy 65 jets for \$9 billion. Meanwhile, concern over China's new J-20 fighter design has other Asian nations, such as Japan, South Korea and Singapore, very interested in the F-35.

The moral of this story? Patience, grasshopper. Don't fret Pentagon budget cuts. Lockheed's only getting better with time. This company has a hand in everything President Eisenhower ever warned you about the military-industrial complex — and makes a nice profit doing it. (The Fool owns shares of Lockheed Martin.)



## Name That Company

I was born in a California garage in 1945, and my first products were picture frames. Today I'm the world's biggest designer and vendor of toys. My brands and licensed names include Matchbox, American Girl, ello, Radica, Little People, See 'n Say, Max Steel, View-Master, Scrabble, Othello, Magic 8 Ball, Blokus, Polly Pocket, Outburst, Uno, and more. My Barbie debuted in 1959 and my Hot Wheels in 1968. I bought Fisher-Price in 1993 and Tyco Toys in 1997, and sold The Learning Company in 2000. I'm working with THQ to develop video games based on my toys. 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!*