The Motley Fool®

To Educate, Amuse & Enrich

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

Imitating Buffett's Style

Q Do any mutual funds mirror Berkshire Hathaway's investment style? — *D.G., online*

A Be careful. Some people erroneously think of Warren Buffett's company as a kind of mutual fund, since he owns stock in a bunch of companies, such as Wells Fargo, Kraft, Nike and ConocoPhillips. It's true that we can buy and sell the same stocks Buffett does, but we can't do so at the same time, as his moves are only revealed via occasional required filings with the Securities & Exchange Commission. More important, Buffett's company is much more than its stocks. He owns dozens of entire companies, such as See's Candies, Fruit of the Loom, Benjamin Moore, Dairy Queen and GEICO, and those can't be duplicated. The company is also heavily involved in insurance.

That said, Buffett's style is to seek out good values in great companies, and there are some fund managers out there with similar orientations, such as those who run the Fairholme (FAIRX) and Sequoia (SEQUX) funds. You might also just buy stock in Berkshire Hathaway itself, as we have, at The Motley Fool.

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Q I want to move my Smith Barney account (with around 20 stocks) to a discount brokerage so that I can trade stocks inexpensively. Will I be able to simply have my portfolio transferred to the new brokerage en masse? Or will I have to sell everything, taking a hit on each transaction, and start from scratch with the new account? — *B.N., Charleston, S.C.*

A Fear not — some simple paperwork will have your holdings transferred to the new brokerage without selling them and generating any capital gains.

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

Fool's School

Billionaire-Makers

Since billionaires must know something about how to make money, let's see how many of them have made their bundles.

Though some folks such as George Soros, James Simons and Steven Cohen have traded their way to massive wealth, they're not in the majority. Most billionaires, such as Warren Buffett, Carlos Slim Helu, Bill Gates and Larry Ellison, have gotten there through ownership of a single great company.

Often, their success had much to do with having a great business idea, guts, timing and a little bit of luck. Michael Dell, for example, founded the predecessor to Dell in his college dorm in 1984. Dell was one of the first companies to successfully sell computers directly to consumers, allowing Michael Dell to cut out the middleman — and undercut his competitors' prices.

Fortunately, we can make lots of money without our own billion-dollar business idea — by owning shares of a great company for a long time. Michael Dell didn't get rich by trading in and out of Dell shares; he did it by owning a big piece of the company as it became a leader in PC sales. Likewise, it wasn't savvy options trading that helped Bill Gates score his enormous net worth — it was owning a chunk of Microsoft and benefiting from its long-term growth.

But you don't want to hold on to just any stock for a long time. So what are the shared characteristics of the companies many billionaires have owned? These:

- A sustainable competitive advantage that kept them at the forefront of their industries.
- A shareholder-friendly management team that (preferably) owned a big piece of the company.
- A solid balance sheet.
- A business that pumped out cash.

They were also small, in their early days. So look for smaller companies with the billionaire-making traits. Learn more at **www.fool.com/investing/small-cap/index.aspx** and **www.investopedia.com/articles/stocks/08/small-cap.asp**. (Microsoft and Dell are Motley Fool Inside Value recommendations.)

My Dumbest Investment

Cheap Isn't Always Best

I thought I was a pretty good investor. I've always done well with stocks that I've researched. But last year I listened to my neighbor and a guy I met at the races. The stocks they recommended were CHEAP, so I bought 500,000 shares of one and 200,000 shares of the other, and lost more than 80 percent of my investment. I learned to stay with what I do best. I do all my homework on The Motley Fool and Scottrade Web sites. To date with these two tools (even during the market's fall), I am up over 25 percent on my total portfolio. — *R.F. Hass, Houston*

The Fool Responds: Those must have been penny stocks, notorious for being volatile. They often end up hyped up by some profiteer before they crash. Investors are often lured by the idea of owning, say, 500,000 shares, and they may think that a 2-cent share is so cheap that it can only go up. Wrong — it can become a 1-cent stock, or worse. Remember that a $200 stock can still be cheap and can double. Avoid those pennies.

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!

The Motley Fool Take

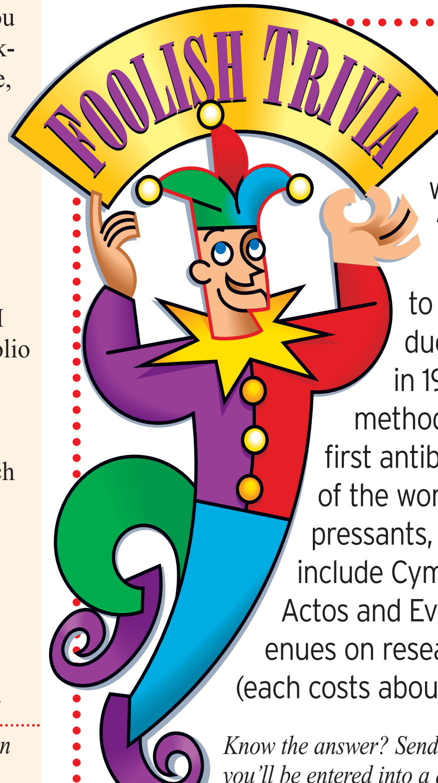
What's Up With Motorola?

Motorola (NYSE: MOT) is enjoying a surprisingly bright outlook. This might be the start of a new era in Motorola's long history — powered by Google's Android phones.

Recent third-quarter earnings per share of 1 cent put Motorola in the black by the skin of its teeth — a huge improvement over the year-ago period's $0.18 loss per share. Sales rolled in at $5.4 billion, some 27 percent lower than last year. Management is bullish about the future, though.

Verizon will be selling the handsome Motorola Droid handset, which might be Motorola's first real hit since the early days of the RAZR phone. (The Motorola Cliq is offered by T-Mobile, but T-Mobile has a relatively small subscriber base.) The Droid features a camera with flash and a slide-out keyboard and has been generating some positive buzz.

Motorola would not have come close to positive earnings without an aggressive cost-savings program. The savings are running ahead of plan by $100 million this year for a total cost reduction of $1.9 billion. If those iPhone-challenging Droids hit the ground running with some traction, that low-cost operating model should pave the way for some nice, juicy earnings in coming quarters. That is, until Motorola spins out the handset division into a separate company.



Name That Company

I was founded in Indianapolis in 1876 by a Civil War veteran who, dismayed by the hawking of "medicines" in sideshows, began developing high-quality medicines to be dispensed by doctors. I introduced the world's first insulin product in 1923, and in the 1940s I developed a method to mass-produce penicillin, the first antibiotic. In the 1980s I introduced one of the world's most widely prescribed antidepressants, Prozac. Some of my other drugs include Cymbalta, Cialis, Strattera, Forteo, Actos and Evista. I spend 19 percent of my revenues on researching and developing new drugs (each costs about $1 billion). 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!

LAST WEEK'S TRIVIA ANSWER

Founded in 1946 and based in Phoenix, I'm the world's largest hotel chain, with around 4,000 hotels offering more than 300,000 rooms worldwide to roughly 400,000 guests nightly. Not a publicly traded company, I'm a nonprofit association of independently owned and operated for-profit hotels. All my locations offer free high-speed Internet access, free local phone calls and more. My international division features hotels that were formerly castles built by Napoleon or hotels consisting of homes for rent. My founder was among the first to advertise hotels directly to the public. I've long worn a crown. Who am I? (Answer: Best Western)

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.*

(EDITORS: For editorial questions, contact Greg Melvin at gmelvin@amuniversal.com.)