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

Brand Behemoths

Q What are the world's biggest brands? *— J.L., Allentown, Pa.*

A The folks at Interbrand track and list the most valuable brands in the world each year. Here are the top 10 brands for the year 2009, along with what they estimate to be the market value of each, in billions of dollars: (1) Coca-Cola, $69; (2) IBM, $60; (3) Microsoft, $57; (4) General Electric, $48; (5) Nokia, $35; (6) McDonald's, $32; (7) Google, $32; (8) Toyota, $31; (9) Intel, $31; (10) Disney, $28.

Keeping up with changes in brand rankings from year to year can offer clues about how aggressively various companies are growing. Google, for example, was ranked 24th in 2006, while Kodak fell from 70th in 2006 to out of the top 100 in 2009. Over the past year, Amazon.com jumped from 58th to 43rd, while Starbucks slipped from 85th to 90th and Harley-Davidson slowed from 50th to 73rd.

***

Q As I invest in the stock market for the long haul, what kind of return should I expect? *— T.S., Detroit*

A There's no guaranteed return with stocks. But over many decades, the stock market has averaged roughly a 10 percent return annually. Over just a few decades, though, it can offer less.

Over the past 20 years, the S&P 500 has averaged 6 percent; over the past 30, it's closer to 8 percent. (For the "real" return, subtract the rate of inflation, which has averaged 3 percent over the long run.)

Those returns reflect investments in the overall stock market, not in various individual stocks. Particular companies can end up trouncing or lagging the market. You can aim to beat the market's average return by carefully selecting individual stocks or mutual funds.

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

Fool's School

Lessons From BP

The oil spill in the Gulf took a toll on investors, as well as the environment and local businesses. Here are some lessons we should all remember:

• Stocks can fall suddenly and sharply. BP lost half its value in just a few weeks. Fannie Mae and Freddie Mac lost more than 95 percent of their value in just two months in 2008. That's enough to wipe out not only profits, but also one's original investment!

• Falling stocks can keep falling. It can be tempting to grab more shares when one of your holdings falls sharply. You may think that once it falls from, say, $50 to $35 that it can't fall any further. But it can. Before buying more, you need to be confident that the company's problems are short-term, not long-term.

• A stock that tanks can devastate you if it's the primary holding in your retirement account. A big chunk of many BP employees' retirement assets in company plans has been in BP stock. Ouch.

• Dividends aren't guaranteed. Yes, companies will typically try hard not to reduce or eliminate them, as that's a big red flag. But if cash is suddenly scarce, dividends can disappear. BP suspended its payout in anticipation of Gulf disaster-related costs. Our recent credit crisis and recession led to many companies cutting dividends. Even General Electric slashed its dividend by 68 percent in 2009, its first cut since 1938.

Despite all that, there's good news. When a stock starts plunging, you usually have time to get out long before it hits bottom. You often aren't limited to only company stock in your employer's retirement plan. You should be able to diversify, and if you can't, bring up the issue with management.

It's true that dividends can disappear, but that's rare, especially with healthy, growing companies. Such enterprises tend to increase their payouts every year, rewarding investors.

Some stocks in trouble can be bargains, but it's often safer to just steer clear. You can usually find more compelling investments.

My Dumbest Investment

Social Security Match

My worst investment over the last 40-plus years has been Social Security. Around 1970, I decided I needed to start saving and investing, but how much? I decided to match the amount shown on my paycheck for Social Security tax (not including the company match). This money went into my retirement account. I continued this level of saving all of my working life. I am now retired and collecting Social Security. I am also drawing money from my retirement account. My Social Security check is for $1,695; my retirement account withdrawal (without touching the principal) is $5,000. Which was the better investment? You make the call! *— S.S., St. Petersburg Beach, Fla.*

The Fool Responds: Don't think of Social Security as an investment. It's a transfer system designed to offer a level of financial security to retirees, via payments from those currently working. It's a critical component of retirement for many, but it's best supplemented by a pension or by a healthy nest egg like the one you grew. Your long-term diligence has paid off well. (Get more retirement strategies at **www.fool.com/retirement**.)

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

Don't Count eBay Out

Over the past five years, eBay's (Nasdaq: EBAY) stock has plunged some 50 percent as it lost ground to its biggest competitor, Amazon.com. The current mobile boom may just be what the doctor ordered, though.

People are increasingly buying goods online. According to Bloomberg's BusinessWeek, in 2010 the mobile commerce industry will equal $25.2 billion, and by 2015, $129 billion.

Consumers are using iPhone and Android software to buy everything from clothing to art to even cars. EBay has taken advantage of the situation, offering more than a dozen mobile apps that allow users to buy, sell and search for great deals. This can be a real growth driver for eBay, if it can keep offering new and improved apps and if it stays one step ahead of Amazon. Mobile is still a very small portion of eBay's $9 billion in revenue, but the potential is enormous.

Though eBay's marketplace revenue dropped in its second quarter, it has been consistently increasing sales from its pay services, which include PayPal and Bill Me Later. The second half of 2010 could be difficult, though, if the dollar strengthens and revenue abroad translates into fewer greenbacks.

With a P/E ratio around 11, eBay's stock is promising. (Amazon.com and eBay are "Motley Fool Stock Advisor" selections, and "Motley Fool Options" has recommended a bull call spread position on eBay.)

Name That Company

I was born in 1981 as the Au Bon Pain Co. I bought the Saint Louis Bread Company in 1993 and in 1999, sold Au Bon Pain and took my current name. My stock has grown more than tenfold since then. I recently bought the Paradise Bakery & Café chain. Today I'm a major player in the café-bakery world, with some 1,400 stores in 40 states and Canada. (About 600 are company-owned and 800 franchised.) You'll typically find me in suburban, strip mall and regional mall locations, where I offer fresh-baked artisan bread, antibiotic-free chicken, and more. 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

I was born in 1906, when Polish immigrant Jacob Sapirstein borrowed $50 to start a business in Cleveland selling postcards to drugstores and candy stores. I introduced self-serve display racks for cards in 1929. I flourished during the Great Depression and began printing my own greeting cards in 1936. My greeting card lines include Carlton Cards, Gibson, Recycled Paper Greetings, Papyrus, and one with my own name. I also offer digital photo sharing and personal publishing at PhotoWorks.com and Webshots.com. My logo features a red flower, and I rake in about $1.6 billion in sales annually. Who am I? (Answer: American Greetings)

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 Alan McDermott at amcdermott@amuniversal.com.)