

THE VALUE OF OPINION AND CONJECTURE

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Over the past few weeks many popular magazines have featured articles regarding the stock market. The apparent goal of these articles is to explain the dynamics that are supporting the market's powerful bull-run, which has been in effect since the early nineties. America's stock market has already gained another 15% this year, putting the total rise over the past two years at a grand 65%. The million-dollar question is; "When, if ever, will it end?"

Financial analysts around the world get paid top dollar to search for definitive, reliable answers that can shed some light on the subject. In my opinion, that money is better spent elsewhere. If the history of our markets has taught us anything, it is that our painstaking attempts made at pegging the market to a code are in vain. The stock market does not play by any set discipline; it never has, and it never will. Nevertheless, market analysts and financial "experts" continue to offer their own rationalizations for the day's activity, and, subsequently, for their most recent market predictions.

When I consider, for example, the countless opposing theories aired around-the-clock on CNBC, the whole thing seems as futile a dog chasing his tail. In order for an individual to be successful in the marketplace, he/she mustn't focus solely on the direction of the markets; energies are best spent discovering and researching profitable equities that will endure market fluctuations. Whether the market goes to 20,000 or 5,000, investors will make money. The successful investing coup lies in the nature the portfolio, made up of diverse, fundamentally sound stocks, bonds, international equities and debt, all selected for their inherent value, potential, and timely significance; the right portfolio will withstand even the most bearish of market trends.

More people are involved in the stock market today, than ever before. With the growing popularity of the 401K plan and the discount broker, market participation is rampant. Last year, I interviewed a college senior who informed me that he had financed his tuition, room and board, and even a spring break trip, all with money he made trading stocks. Stories like that can only emerge from market circumstances like the ones we are enjoying today. With the markets stampeding ahead at this furious pace, even the "method" of throwing darts at a stock chart will yield a decent percent on return.

I have my own opinions on where the market is headed, which I could discuss 'til I'm blue in the face. The bottom line is that my educated guess, is still just a guess, and carries as much weight as the next person's. One might ask how I conduct business confidently, knowing that I have no control over the market at large. The thing that allows me to sleep soundly at night is the very thing to which I attribute my success: a unique, intensive approach to equity research. I do not buy the market for my clients nor do I buy industries; I buy individual companies. The companies that I invest in appeal to thorough, discriminating investors. Demographics, psychology and an overall awareness of all things cultural, social, political... provide more insight into how a company will perform over time, than any balance sheet on company performance.

I research a company to build a deeper understanding of its industry, its products, its customers, and its competition. I like to conduct my own, small survey, to get a feel for customers' satisfaction, in its varying degrees. What is the nature of customer complaints, if any? Is this company capable of changing direction to avoid any problems? What is the management like, and are they capable of leading this company into the 21st century? I look to see if the industry is ripe and ready for enormous growth. In addition to reading every report possible, dissecting every balance sheet and reading every credible periodical available, I rely on these more interactive, Grass-roots methods as my most important tools for research. It is a system that provides greater knowledge, deeper understanding, and piece of mind, investing in a market ruled by uncertainty.