

Stock Picker's Winning Streak Is Stopped at Five

YOUR MONEY MATTERS

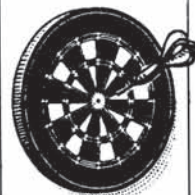
By JOHN R. DORFMAN

Staff Reporter of THE WALL STREET JOURNAL
You can't win them all.

Alan Bond, who finished first or second in this column's stock-picking contest in each of his previous five tries, saw his winning streak broken in the latest six-month competition.

The stock he picked last July, Dillard Department Stores Inc., declined 2.1% through December. That put Mr. Bond, who is president of Bond, Procope Capital Management, New York, in last place among the four investment professionals in the contest.

INVESTMENT



DARTBOARD

The winner was San Francisco money manager Richard Welty, who finished first for the second time in two tries. Mr. Welty, the senior portfolio manager at Lateef Management Associates, scored a 23.8% gain in Ross Stores Inc.

The contest's two other professionals each notched gains of 13% or better, enabling the pros, collectively, to beat a random Dartboard Portfolio chosen by staffers of The Wall Street Journal lobbing darts at the stock listings. In a series of 19 six-month contests, the pros lead the darts 11 to 8. The professionals also outperformed the Dow Jones Industrial Average for the 13th time in 19 outings.

Trying for his third consecutive win, Mr. Welty recommends Telefonos de Mexico, the monopoly telephone company of Mexico that is traded on the New York Stock Exchange in the form of American depositary receipts, or ADRs. Telefonos was selling yesterday for \$48.50 a share. Mr. Welty would buy it at prices as high as \$52, hoping the stock will reach \$60 by year end.

"The Mexican economy is still making dramatic improvements," Mr. Welty says, and he thinks Telefonos is a logical way to play it. "There is a strong correlation between increasing economic activity and telephone usage, especially long distance."

With more phones and more calls per phone, Mr. Welty figures Telefonos will increase its earnings 25% a year the next

CONTESTANTS FOR THE COMING SIX MONTHS



Richard Welty,
Lateef Management
Associates

**BUY: TELEFONOS
DE MEXICO (TMX)**



Beth Cotner,
Kemper Financial
Services Inc.

**BUY: DUTY FREE
INTERNATIONAL INC.
(DFI)**



Jim Melcher,
Balestra Capital

**BUY: BROAD INC.
(BRO)**



Jerry Zukowski,
Putnam Growth &
Income Fund

**BUY: SAFECARD
SERVICES INC. (SSI)**

EXPERTS VS. DARTS THE PAST SIX MONTHS

EXPERT	AFFILIATION	RECOMMENDATION	PERFORMANCE ¹ JULY 2-DEC. 31, 1991
Richard Welty	Lateef Management Associates	BUY: Ross Stores Inc.	+23.8%
Jim Melcher	Balestra Capital	BUY: AMR Corp	+13.9
Jim Oberweis	Oberweis Emerging Growth Fund	BUY: IPL Systems Inc.	+13.3
Alan Bond	Bond, Procope Capital Management	BUY: Dillard Department Stores Inc.	- 2.1
Experts as a group			+12.3
Dartboard Portfolio²			+ 4.1
Dow Jones Industrial Average			+ 6.6

¹Capital gain or loss only

² Four stocks picked by throw of darts: Medstat Systems Inc., up 80.2%; Henley Group Inc., up 7.9%; Southdown Inc., down 24.3%; Lone Star Technologies Inc., down 47.2%.

four years, compared with 5% to 8% growth for the seven big regional telephone companies in the U.S.

Jim Melcher of Balestra Capital, second in the latest contest, picks Broad Inc., a Los Angeles financial services company that specializes in single-premium annuities, a type of tax-deferred retirement plan. He estimates that the annuity business has been growing at an average rate of 22% a year for the past decade, and he thinks Broad can sustain growth at roughly that clip.

Mr. Melcher was pleased with Broad's

recent acquisition of the annuity business of Integrated Resources, which filed for Chapter 11 bankruptcy-court protection in February 1990: "They got it dirt cheap," he says. He says Broad owns fewer junk bonds—about 5% of the portfolio—and better real estate than most of its peers. The stock was at \$18.50 yesterday, and Mr. Melcher says, "I would buy it up to the low 20s. I think this could be a \$25 to \$30 stock in a year."

Two mutual-fund managers agreed to try their luck in the contest this time. C. Beth Cotner manages three mutual funds

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totaling more than \$1 billion for Kemper Financial Services Inc.: Kemper Small-Capitalization Fund, Kemper Investment Portfolios Total Return Fund and Kemper Investors Fund Equity. Jerry Zukowski, a portfolio manager with the Putnam family of mutual funds in Boston, recently became co-manager of Putnam Growth & Income Fund.

Ms. Cotner recommends **Duty Free International Inc.**, a Ridgefield, Conn., company that operates 90 duty-free stores, 35 of them along the U.S.-Canadian border. Canada recently raised its already high taxes on cigarettes and liquor, she says, which should give the stores a boost.

She readily concedes that the stock, \$51.75 yesterday, sells for a vast multiple of per-share earnings, which she estimates will be \$1.08 for the fiscal year ending this month. But she says the company has shown "tremendous growth," and she estimates next year's earnings at \$1.40 a share. So, she projects the stock can hit \$65 in six to 12 months.

Mr. Zukowski likes **Safecard Services Inc.** of Fort Lauderdale, Fla, which for an annual fee notifies a person's credit-card issuers if cards are lost or stolen. Safecard has also diversified into other services such as Credit-Line, which "lets you know what's going on in your credit file, and puts it in a user friendly form," Mr. Zukowski says.

He likes the \$10.375 stock because it is "very cheap" at 10 times the past four quarters' earnings of \$1.06. Once a hot stock, Safecard fell sharply a few years ago after the company lost an important account. Some shareholders sued, saying that members of management had sold shares before the news broke. "In October 1991, all the suits were dismissed," Mr. Zukowski says.

For the period through June 30, the professionals' picks will compete against a Dartboard Portfolio consisting of **Computer Task Group, Meridian Bancorp Inc., Nova Corp. of Alberta and Toys "R" Us Inc.**