

## Lucky Toss: Darts Outscore Stock Pros

### YOUR MONEY MATTERS

By JOHN R. DORFMAN

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Darts can sting.

For the fifth time in 13 tries, four stocks selected by flinging darts at the stock listings have defeated the picks of a quartet of investment professionals.

It wasn't even close. From Jan. 9 through the end of June, the dartboard portfolio rose 28.7%. The professionals' choices were up only 7.5%. The Dow Jones Industrial Average rose 17.7%.

The score now stands at Pros 8, Darts 5, in a continuing series of six-month contests. Against the Dow

Jones Industrial Average, the pros hold a narrow 7-to-6 lead.

Two pros, Richard Welty of Lateef Management Associates in San Francisco and Alan Bond of W.R. Lazard & Co. in New York, achieved handsome gains and were invited back to give new selections. But the other two contestants, Jonathan Steinberg of Individual Investor magazine and Arthur Lichtendorf of Tucker Anthony, picked losers for the six-month period.

For his new pick, Mr. Welty goes with Ross Stores Inc. The company is a Union City, Calif.-based chain of about 190 clothing stores, mostly on the West Coast, that specializes in women's apparel. Its earnings haven't been consistent, Mr. Welty says, but he believes management has learned from the past and will do better in the future.

"You get superb value" at Ross, Mr. Welty says. The stores stock in-season clothes of well-known makers. Because they get the clothing later than major department stores, he says, they pay less and can pass on the savings.

"We think consumer spending will be weaker in the 1990s than the 1980s" as shoppers become increasingly frugal, Mr. Welty says. He thinks Ross fits nicely into that theme, even though "the service isn't as good [as at major department stores]. There aren't clerks running around trying to help you." But because of the low prices, "I'm the type of person that shops

### CONTESTANTS FOR THE COMING SIX MONTHS



**Richard Welty,**  
Lateef Management  
Associates  
BUY: ROSS STORES  
INC. (ROST)



**Jim Melcher**  
Balestra Capital  
BUY: AMR CORP.  
(AMR)



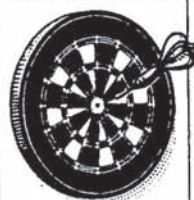
**Alan Bond**  
W.R. Lazard & Co.  
BUY: DILLARD  
DEPARTMENT STORES  
INC. (DSS)



**Jim Oberweis,**  
Oberweis  
Emerging Growth  
Fund  
BUY: IPL SYSTEMS  
INC. (IPLSA)



### INVESTMENT



### DARTBOARD

### EXPERTS VS. DARTS THE PAST SIX MONTHS

EXPERT	AFFILIATION	RECOMMENDATION	PERFORMANCE <sup>1</sup>
			JAN. 9-JUNE 28, 1991
Richard Welty	Lateef Management Associates	BUY: Kaufman & Broad Home Corp.	+50.0%
Alan Bond	W.R. Lazard & Co.	BUY: General Mills Inc.	+27.3
Arthur Lichtendorf	Tucker, Anthony Inc.	BUY: Curtis Burns Foods Inc.	-12.0
Jonathan Steinberg	Individual Investor Magazine	BUY: Archive Corp.	-35.3
<b>Experts as a group</b>			<b>+ 7.5</b>
<b>Dartboard Portfolio<sup>2</sup></b>			<b>+28.7</b>
<b>Dow Jones Industrial Average</b>			<b>+17.7</b>

<sup>1</sup>Capital gain or loss only

<sup>2</sup>Four stocks picked by throw of darts: Cerner Corp., up 50.0%; Colonial Companies B, up 49.4%; Marsh & McLennan Cos., up 10.4%; CEM Corp., up 4.9%.

at Ross. I try to tell my wife to do it more, too."

Mr. Welty is price-conscious in his stock buying, too. Ross closed yesterday at \$13.125 a share in national over-the-counter trading. He would buy it at prices up to \$15, with a target price of \$19 in the next six months to a year.

Mr. Bond, making his sixth appearance in the contest, plumps for Dillard Department Stores Inc., a chain of 187 department stores catering to middle and upper-middle income customers. He respects Dillard's management, which he said wisely avoided the Northeast's saturated retail market, and was among the first to use an

advanced inventory control system.

Based in Little Rock, Ark., Dillard has most of its stores in the Southwest. "Now that we've seen the Southwest start to improve, that has just been great for them," Mr. Bond says. Dillard recently added stores in Florida through the \$68 million acquisition of the Maison Blanche chain, and may add more by buying some Federated Department Store properties that are on the block. Mr. Bond thinks that would work well, as "there are very few competitors" in the Florida department-store market.

Dillard's earnings have been growing at



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a 20% annual clip, and Mr. Bond thinks they will continue to do that well or better. He would "buy pretty aggressively up to \$145" a share, hoping for appreciation to \$175 within six to 12 months. The stock closed yesterday at \$126.125 on the New York Stock Exchange.

Two new contestants were invited to join the fray. One is Jim Melcher, a money manager at Balestra Capital in New York. The other is Jim Oberweis, president of the Oberweis Emerging Growth Fund.

Mr. Melcher recommends AMR Corp., parent to American Airlines. AMR, Delta Air Lines and UAL Corp. now form an oligopoly in the airline business, he says, and "let's face facts, oligopolies work. These guys are going to coin money."

Now that much of the competition has fallen away, Mr. Melcher predicts, carriers such as Dallas-based AMR will be able to boost their load factors, or the percentage of seats filled, to around 70%. In the past decade, AMR's load factor ranged from 61.4% to 65%.

Mr. Melcher reels off other reasons he likes AMR. Its labor pact with pilots runs to 1995. Its fuel costs "will stay down and probably go lower. When Iraq and Kuwait come back on-stream, oil is going to be cheaper than water." With the economy perking up, business travel should increase quickly. Perhaps most important, he says, fare wars are abating: Airlines are no longer "cutting each other's legs off just for market share."

AMR closed yesterday at \$61.875 a share on the Big Board. Mr. Melcher says he would keep buying at prices up to \$80. "I think this stock will triple in the next two or three years."

Mr. Oberweis likes IPL Systems Inc. of Waltham, Mass., a maker of data storage systems for mid-sized IBM computers. IPL's sales are growing by leaps and bounds, Mr. Oberweis says: \$29 million last year, an estimated \$65 million to \$70 million this year, and an estimated \$100 million to \$110 million next year.

IPL's earnings are growing fast, too. Mr. Oberweis figures that this year's profits will be \$1.75 to \$1.80 a share, up from \$1.05 a share last year. For 1992, he's counting on \$2.50 a share. Accordingly, Mr. Oberweis considers the stock cheap at yesterday's closing price of \$18.75 a share in national over-the-counter trading. He would buy the shares up to at least \$21 or \$22.

The company planned to issue some new shares, but postponed the issue, Mr. Oberweis says, "due to the market not particularly loving technology stocks right now." But for that very reason, he says, investors can pick up the stock at a price lower than its growth rate would normally command.

For the coming six months, the pros' picks will compete against a dartboard portfolio consisting of Henley Group Inc., Lone Star Technologies Inc., Medstat Systems Inc., and Southdown Inc.