

finances and you

Sid Mittra

Investment advice

Recent fluctuations in the stock market have scared even the most sophisticated investors. But regardless of what happens in the future, here's some advice on how to develop a sound investment strategy.

● Most investors define risk as the possibility of losing the principal. Defined that way, passbook savings would be one of the safest forms of investment. In an economy plagued by double-digit inflation, we are all too familiar with the hazards of putting our money in bank savings. Risk should be defined as the possibility of losing the value or purchasing power of investment. Additionally, there is risk in not being able to realize an expected return, known as the opportunity cost.

● As a starter, segregate the funds that you do not need for living expenses and emergencies. This avoids the risk of forced selling in bad markets.

● Get-rich-quick schemes are doomed to produce disastrous results. The emphasis should be on investing, or realizing a reasonable rate of return consistent with the risk you take. In early years, buy for the long pull, reinvesting all dividends. In later years, shift to higher dividends and cash payouts.

● Even if you are convinced you have the expertise, time and patience to invest in individual stocks, do not try to engage in stock trading to realize a quick profit. Buy into industries with strong growth potential. Choose companies that have excellent management and strong financial positions. Most such companies double their earnings, net asset values and dividends every five to 10 years. Less than 20 percent of New York Stock Exchange stocks fall into this category. It is a good strategy to avoid cyclical stocks and also those that do not have a good track record.

● Put no more than 20 percent in any industry and no more than five to 10 percent in any one company. Another suggestion: Try to learn about the companies in which you invest. Remember that you are an owner and not merely a loaner.

● In buying a stock it is best to remember that you are buying value, which depends primarily upon the future earnings of the company. Therefore, use the price-to-earnings (P/E) ratio as the benchmark for a fair price. Divide the P/E of different stocks by the P/E of the Dow Jones Industrial Average for relative price comparisons. Your broker will help you with these figures.

● If you wish to invest in stocks but do not want to do it yourself, mutual funds are your best bet. There are more than 500 mutual funds, exclusive of money market funds. But fortunately a number of services and publications provide fund investment philosophies, costs, fees and measure of performance.

Sid Mittra is president of Coordinated Financial Planning in Troy and a professor of management at Oakland University in Rochester.

new in town

PAPERBACK Outlet has opened a new store in Southfield. Located at 2828 Southfield Road in the Farrell's Shopping Plaza, the store is the fourth of its type in the Detroit area. It offers discount on new paperbacks, used books and rental hardcover and paperback books and comics.

YATES Office Supply Co., in business for more than 30 years in Detroit, has opened a second store at 2855 Evergreen, in the Travelers Tower building, Southfield.

SOUTHFIELD Charley's, a new Chuck Muer restaurant, opened Sept. 30 at 18701 12 Mile, Southfield. The restaurant — the 10th Muer restaurant — joins Bloomfield Charley's, Northville Charley's, Eastside Charley's and Uptown Charley's as "neighborhood restaurants" offering less expensive menus and items not normally offered at Chuck Muer seafood restaurants.

PMH INC. has moved to larger facilities at 2550 Telegraph Road in Bloomfield Hills. PMH specializes in motivation-incentives for marketing and sales.

UNITED Midwest Bancorporation, holding company for Liberty State Bank and Trust, has opened its operations center and affiliate Liberty Bank-Oakland at 801 W. Big Beaver Road in Troy.

business people

Uniroil Tire Co. appointed **HORST D. AUER** of Troy as manager of export operations, **J. CRAIG SPEER** of Troy as business manager of passenger tires and **CHARLES E. COOK** of Troy as export sales coordinator. The three will work out of the Automotive Management Center in Troy.

The Hayman Co. of Southfield appointed **LINDA N. BELZVEA**, administrative director of its Michigan commercial and industrial brokerage division.

RICHARD ELDRIDGE of Troy was named manager of information systems of Hall Industries Corp. He had been working as systems analyst for program design.

JOHN TINAY was promoted to manager of the Bob Evans Restaurant in Southfield. He most re-

cently worked as assistant manager at a Bob Evans restaurant in Portage, Mich.

Lathrup Village resident **JOHN D. NORTON** was appointed manager, corporate training, at Ex-Cell-O Corp. He will coordinate training and management development support services for corporate and divisional personnel from in office in the corporate headquarters in Troy.

WAJNO JARVELA, of Southfield, joined Broadcast Music Inc. as a songwriter affiliate. He is leader of the Polka Dots, a three-piece band that appears locally.

Hypnotherapist **TERRI ATKIN WHITE** has joined the staff of Dr. Peter T. Greig, a dentist with offices in Southfield.

datebook

NICKIE McWHIRTER is the guest speaker at the Michigan Professional Women's Network dinner meeting Monday, Oct. 11 at the Somerset Inn in Troy. She will discuss women's changing roles in the workplace. Fee is \$15 for members and \$20 for non-members. Reservations required by calling Linda Russell at 355-5580.

OCT. 11-15 is National Legal Secretaries Court Observance Week. The Oakland County Legal Secretaries Association has planned a day in court Wednesday, Oct. 13 at the 52nd District Court, First Division, 1010 E. West Maple Road in Walled Lake. The daylong event includes lunch at Win Schuler's in West Bloomfield. Programs start at 8:45 a.m. and run until 4:30 p.m. Reservations required by calling Hazel of Sharol at 559-7500.

THE OAKLAND County Chamber of Commerce provides a hotline (644-3895) to offer help for those companies with problems or questions about remaining, expanding or relocating in Oakland County. BRECH, Business and Real Estate Expansion and Clearing House of Oakland County Inc., operates Monday through Friday 9 a.m. to 5 p.m. at the chamber's Pontiac office.

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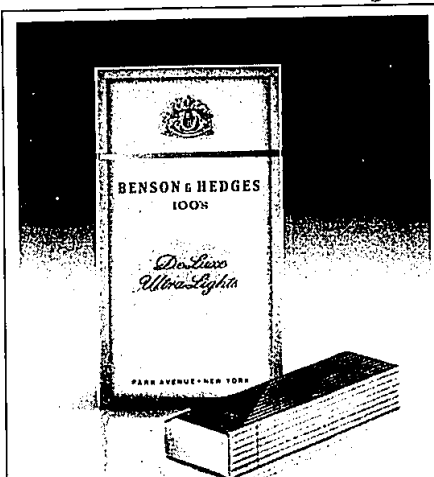


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