UF re-elects Dewar, Smith

Robert E. Dewar, chairman of the executive and finance committees, Kmart Corp., was re-elected chairman of the board of the United Foundation (UF) at its 34th annual meeting. Roger B. Smith, chairman General Motors Corp., was re-elected UF first vice chairman.

Others who were re-elected as vice chairmen of the UF board are: Walter J. McCarthy Jr., chairman, Detroit Edison Co.; Philip Caldwell, chairman of the board and chief executive officer, Ford Motor Co.; Arthur R. Seder Jr., chairman and president, American Natural Resources Co. and Tom Turner, president, Metropolitan Detroit AFL-CIO Council.

New vice presidents elected were: Charles E. Arnold, vice president of corporate responsibilities, City National Bank of Detroit; Owen Beiber, president International Union UAW; Donald R. Mandich, chairman, Comerica, Inc., and Edgar A. Scribner, director, research and pension department, Teamsters Joint Council 43.

IN HIS REMARKS at the meeting, Dewar commended the 1982 Torch Drive volunteers for the tremendous effort they put forth to raise $43,586,851, which was 101.4 percent of the goal.

Thomas F. Russell, chairman of the board and chief executive officer, Federal-Mogul Corp., will be the 1983 Torch Drive general chairman.

Russell's top volunteer leadership team includes Robert D. Lund, vice president, sales and marketing staff, General Motors Corp, as chapter campaigns chairman; Kenneth Whipple, president, Ford Motor Credit Co., as chairman of community campaigns, Robert Robinson, managing partner, Arthur Young & Co., as audit chairman; Tom Turner, president Metropolitan Detroit AFL-CIO Council as chairman for labor; Seymour M. Roberts, executive vice president, accounts service, W.B. Doner & Co. as promotion chairman and Joan Warren, chairman of the advance gifts campaign.

WHILE TALKING ABOUT this year's Torch Drive Campaign, Dewar said, "With continuing high unemployment in our community and government cutbacks of certain social services, more people are depending on Torch Drive agencies for their service needs.

"The campaign climate should be improved over recent years as the economy is showing some signs of improvement. I know people will respond generously if we inform them of the needs that exist."

Don't blindly follow broker's lead

today's investor

Thomas E. O'Hara

of the National Association of Investment Clubs

About three years ago, on the advice of our broker in Palm Beach, we bought $12,000 of Fluor Corp. because we were looking for a growth stock, and we were told that this particular stock had a very good growth record. However, about eight months after we bought Fluor, it took a nosedive and has been selling at about $20 a share ever since. We bought at $48.

So last July (1982), we went back to our broker and confirmed our own suspicions that Fluor would take years, if ever, to get back to the price we bought it, and we asked this same organization for another recommendation. This time they recommended A.T.T., and so we sold our Fluor for over $6,000 loss and bought A.T.T. You probably know what this stock has done in growth in the last year, although our broker's best authorities on stock said it was the best and safest growth stock.

We request your advice as to whether we should sell our A.T.T. for probably another loss and reinvest in another growth stock? We are not rich, so this matter is very important to us.

It sounds as though you would like me to say that your broker didn't do a very good job in selecting a growth company for you, and I will. Fluor Corp. has had an excellent record.

Sales have increased at an excellent rate and earnings per share did well through 1981. The company's earnings on invested capital did very well through 1980.

THE IMPORTANT THING to recognize about Fluor is that it is mostly in businesses that are very cyclical. It is almost certain to be adversely affected when business is bad, and it was.

But let's talk a little bit about your attitude, because if you are going to be a successful investor, I believe you are going to have to be a little more realistic.

First, about brokers. It is important to recognize that a broker is primarily a salesman. He is likely to know more about the market than a novice investor, but he is not a security analyst, and it is not his job to tell you what to buy.

SOME BROKERS HAVE a lot of skill in selecting stocks and may have much backing from their firm's research department, but you only learn if they have that skill over a long period of experience in working with them.

If you are going to be a successful investor, it is necessary that you put forth enough effort to learn yourself the basic checks to run on any potential investment.

Now let's talk about your move to A.T.T. This company is about to become a brand new company. It seems to have terrific potential.

HOWEVER, WHETHER IT will make the most of that potential or whether its competitors will come out on top is yet to be proved.

What I really want to say is that it may well take the new A.T.T. as long to prove it is a growth company, as it may take for Fluor to see the country return to booming prosperity, and for that company to return to its former growth trend.

If you are lucky enough to get fast price movement in a stock, that is great, but in most cases, a price gain is most certain when you buy a good value that is currently under-priced, and wait for its value to be recognized by the market. You need some understanding of the company's business and a little patience.

A FINAL SUGGESTION. The next time you have $12,000 to invest, don't put it all in one basket. I would divide that sum into four parts.

I am sending you a copy of Better Investing's recent Model Portfolio. The kind of stocks covered there would make a good starting portfolio. But they also require patience.

Thomas E. O'Hara of Bloomfield Hills is chairman of the board of trustees of the National Association of Investment Clubs and editor of Better Investing magazine. O'Hara welcomes questions and comments but will answer them only through this column. Readers who send in questions on a general investment subject or on a corporation with broad investor interest and whose questions are used will receive a free one-year subscription to the investment magazine Better Investing. O'Hara will send a free copy of Better Investing magazine or information about investment clubs to any reader requesting it. Send 50 cents for postage and write Today's Investor, P.O. Box 220, Royal Oak 48068.

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