

OAKLAND BUSINESS & Finance

Volatile market can spark rewards for investors

MORE THAN MONEY

SID MITTRO
Ph.D.

If you are one of those investors who uses the dollar-cost-averaging strategy, you may be pleased to discover that market volatility can be your friend. The proof is in the table entitled, "Market Volatility Is Your Friend."

In this table, the low-volatility case, presented on the left side, is contrasted with the high-volatility case, presented on the right side. Clearly, if the price swing widely, by investing \$12,000 over a 12-month period, you are able to acquire 1,587 shares at an average cost of \$7.56 per share. When the market swings are tempered, however, the same \$12,000 buys only 1,484 shares at an average cost of \$8.09 per share. (See volatility chart.)

To see how a volatile fund can be rewarding for an investor in an accumulation phase who follows the dollar-cost-averaging strategy,

MARKET VOLATILITY IS YOUR FRIEND (Example: \$1,000 Systematic Investment Per Month)			
Low Volatility Case		High Volatility Case	
Price	Number of Shares	Price	Number of Shares
\$10	100	\$10	100
9	111	9	111
8	125	8	125
7	143	7	143
6	167	6	167
5	200	5	200
4	250	4	250
3	333	3	333
2	500	2	500
1	1,000	1	1,000
1.5	667	1.5	667
2.5	400	2.5	400
3.5	286	3.5	286
4.5	222	4.5	222
5.5	182	5.5	182
6.5	154	6.5	154
7.5	133	7.5	133
8.5	118	8.5	118
9.5	105	9.5	105
Total Shares Purchased: 1,587		Total Shares Purchased: 1,484	
Average Cost Per Share: \$7.56		Average Cost Per Share: \$8.09	

take a look at the way the five volatile funds behaved during June 1991 through June 1994. See funds chart.

It should be obvious that, since the dollar-cost-averaging strategy was followed during an accumulation phase, people investing in these volatile funds were able to chalk up significant gains. While no definite claims can be made for volatile funds, it is plausible to state that if you are in an accumulation phase, in the long run,

you are likely to wind up with more shares in the portfolio than would be the case if the money were invested in a slow- and steady-performing stock or mutual fund.

Sid Mittro, Ph.D., CFP, is professor of finance, Oakland University, Rochester Hills, and owner, Mittro & Associates, a Troy financial consulting firm. Oakland University professor Jerrold Grossman critically this column.

Funds	% Biggest Gain	Quarterly Loss	% Gain (or loss) June '91 to June '94
Newport Tiger	37.0%	-23.9%	25.7%
Oakmark	18.0	-4.2	38.7
PBHG Growth	42.3	-29.1	24.7
Strong Opportunity	14.7	-12.9	16.3
Third Avenue Value	27.0	-2.9	15.0

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BUSINESS MILESTONES

This column highlights promotions, transfers, hirings, openings and other key business news with Farmington-area connections. Send a brief biographical summary — including the towns of residency and employment and a photo if possible to: Business Editor, Farmington Observer, 23411 Grand River, Farmington 48335. The Observer's fax number is (810) 477-9722.

The New Generation Deli, formerly Lox, Stock and Barrel, in the Muirwood Shopping Center at Drake Road and Grand River in Farmington Hills is open for business under new owners Scott Benedict and Ravi Subbendar.

The menu includes deli-type food including homemade soups, salads and desserts. Breakfast specials are offered seven days a

week from 7-11 a.m. A catering service with free set-up is also available.

Regular hours are 7 a.m. to 8 p.m. Monday-Friday, 8 a.m. to 8 p.m. Saturday and 9 a.m. to 8 p.m. Sunday. Telephone numbers are: 478-1190 (voice) and 478-1417 (fax).

"We're excited about being part of the Farmington community," Benedict said, "and we would like to welcome everyone to stop by."

The Rehab Team, formerly Medi-Speech Service, a Farmington Hills company that provides rehabilitation services to hospitals, nursing facilities and home care agencies, is expanding its services with the opening of an outpatient rehabilitation clinic. The expanded facility will be providing outpatient physical therapy,

occupational therapy and speech-language pathology services. The Rehab Team clinic is at 30500 Northwestern Highway, Suite 316. The phone number is 839-2900.



Joachim Cummings has been named general manager of the Tubby's Sub Shop at 31715 Grand River, west of Orchard Lake Road, Farmington. He will be responsible for the day-to-day operations of the restaurant. He is studying culinary arts and restaurant management at Schoolcraft College.

April Jernigan of Southfield

See MILESTONES, 10A

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