

OAKLAND BUSINESS Finance

Choosing the right market index



SID MITTRA, Ph.D.

Mutual funds are often compared with "benchmark indices," or market indices that are indicative of the types of investments mutual funds own. But what is behind these indices? Here is some background information about a few of the most commonly used indices:

Dow Jones Industrial Average (DJIA)

"The Dow," developed in 1884, is the oldest market index in the United States. Currently, the Dow contains 30 stocks that, in the opinion of Dow Jones' Wall Street Journal editors, are the industrial giants of Wall Street. When the Dow goes up, conventional wisdom suggests that investors are seeking the certainty associated with large, well-established companies, especially those that pay dividends. Typically, the more income, dividend-paying stocks in the Dow, the better it performs when the Dow rises. Incidentally, the Dow index represents approximately 68 percent of the market value of all publicly traded stocks.

Standard & Poor's Composite Index of 500 Stocks

While the Dow is better known, many professionals consider the S&P 500 to be a more accurate measure of general stock market activity. The index includes 500 of the nation's largest stocks from a broad variety of industries like industrials, financials and utilities. It represents about 80 percent of the total market value of all stocks on the New York Stock Exchange. Even the performance of the S&P 500, however, is dominated by the fortunes of its largest stocks. Funds that invest heavily in smaller and middle-sized stocks, therefore, do not always rally just because the S&P 500 is on the rise.

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Standard & Poor's Mid-Cap 400

The S&P 400 is similar to its older sibling, the S&P 500, but is designed to track significant, middle-sized companies, such as Dell Computer or Tyson Foods, that have not yet graduated to the large-cap status. According to S&P, the vast majority of the stocks in the index have market capitalizations (or total market value) of between \$300 million and \$3 billion. The S&P 400 was introduced in 1991, and it is designed to be a more accurate benchmark for mutual funds that invest in smaller or middle-sized firms.

Russell 3000 Index

This index is composed of 3,000 large US companies, as determined by market capitalization. The index represents approximately 98 percent of the US equity market. The average market capitalization is \$1.74 billion.

Russell 1000 Index

This index consists of the 1,000 largest companies in the Russell 3000 index, representing 89 percent of the total market cap of the Russell 3000. This is the large cap (market-oriented) index, since it comprises the universe of stocks from which most active money managers typically select. Average market capitalization is \$4.6 billion.

Russell 2000 Index

This index consists of the smallest 2,000 companies in the Russell 3000 index, representing approximately 11 percent of the Russell 3000 total market capitalization. This is a small cap index and is used as a measure of small cap stocks that trade only on the computerized over-the-counter (OTC) system. Due to their num-

NASDAQ/OTC

This index (once an acronym for the National Association of Securities Dealers' Automatic Quotations system) keeps tabs on the 3,500 or so small- and mid-cap stocks that trade only on the computerized over-the-counter (OTC) system. Due to their num-

ber and size, technology stocks (such as Microsoft) tend to dominate the direction of the index. Funds that hold large technology weightings often reflect the performance of NASDAQ.

Morgan Stanley Capital International Europe/Asia/Pac East Index (EAFE)

This index, known as EAFE, tracks the major stock markets outside the United States. Because the Asian market is far larger than any other market in the index, it accounts for more than 50 percent of EAFE performance. EAFE includes only the largest stocks in each index and excludes any emerging market stocks. The index makes EAFE useful to use as a proper benchmark for many international equity funds, which tend to be less constrained. Until another global index successfully establishes itself in the investment community, however, EAFE will remain the standard index for international stocks.

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	Village Mortgage.....	Coming Soon!
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WINE	Fruit of the Woods Winery.....	http://oakline.com/edog/winehome.html

Web sites honor women's history month



EMORY DANIELS

March is Women in History Month. We all know that, didn't we?

However, in preparation for this column, I learned that in Canada, Women in History Month is observed in October. So our Canadian friends will have to search the archives for illumination. A starting place is Women in Alberta and Saskatchewan History at <http://www.mena.ca/uregina.ca/tildemagazine/>.

One source of illumination is the Encyclopedia of Women's History created by a group of students, grades K-12. Encyclopedias and reference sources are found when you point to <http://www.teleport.com/~tildemagazine/women.html>. Students are encouraged to continue submitting articles on women's history. Also at this site are other women's history links.

Statistical facts for Women's History Month are provided by the population statistics information staff of the U.S. Census Bureau at a Gopher site accessible at gopher.census.gov/70/0/Bu-

www.nlc-bnc.ca/digiprot/womenwomen.html. Another top 10 list of WWW sites with a strong educational perspective on women's history. The sites are updated monthly so visit and revisit. <http://www.learn-motion.com/lm/links/linkman>.

Another top 10 link list is maintained at NetWatch by Patricia J. Walsh, webmaster of The Women's Web InfoNet. The list points to content pertaining to women's issues or the sites are run by women. <http://www.pulver.com/netwatch/top10/t10.htm> and you will find a list of home pages that includes: Andria Hunter, a national ice hockey member of the World's Project; WIC-Women's History, Women and Computer Science, Women Artists Archive, Women of Science, Women's Land Army, Virtual Sisterhood, Women's Link, Women's Suffrage, Between the Wars, and Women's Resources on the Net; and Planet Women.

You might think me a liberated

man because I know about Women's History Month. Sorry to disillusion you but this special month was brought to my attention by Len Roberts of O&E On-Line, retired lobbyist webmaster. I now operate a home page called "Some of the URLs I've visited this week." The site has a listing of URLs for the current week and an archive of past weeks.

Roberts has collected so many women's history month links that it's taken him two weeks (two pages) of links. Point to <http://oakline.com/tildemag/visitedit.html> (that's numeral one (1), not letter "F") and check out the weeks of Feb. 19 to Feb. 26. Some of the topics are 19th Century Women Writers, 4000 Years of Women in Science, Calendar of Women of Achievement and Herstory, Florence Nightingale Letters, Her Own Words, Nurses in WWII, TAP: The Arts Project, WIC-Women's History, Women and Computer Science, Women Artists Archive, Women of Science, Women's Land Army, Virtual Sisterhood, Women's Link, Women's Suffrage, Between the Wars, and Women's Resources on the Net; and Planet Women. The 4000 Years of Women in

Science has biographies, references, photograph and a neat half-moon shaped graphic with stars and the top of a tree with the words "Women Hold Up Half the Sky." Point to <http://sex.astr.us.edu/4000WS/4000WS.html>. You can also visit Women's Web at <http://www.womenweb.com/>.

Virtual Sisterhood describes itself as "A global women's electronic support network dedicated to strengthening and magnifying the impact of feminist organizing through promotion of electronic communications use within the global women's movement." There are links to priority issues, meet the press, initiatives, what's new, join us. The site is available in Chinese, French, German, Japanese, Russian and Spanish as well as English. Point to <http://www.igc.apc.org/vsister/>. So you were wondering how to observe Women in History Month. Now you know.

You can direct questions to Emory Daniels by E-mail at emory@oakline.com or fax number 591-7278. To sign up for O&E On-Line, dial (313)953-2038, or "log-in" prompt type "new" and at "Key" prompt type GL6NY2. Past columns may be accessed online at <http://oakline.com/tildemag/emorydaniels.html>.

BUSINESS MILESTONES

This column highlights promotions, transfers, hirings and other key personnel moves within the Oakland County business community. Send a brief biographical summary - including the towns of residency and employment and a black-and-white photo, if desired - to: Business Editor, Observer & Eccentric Newspapers, 805 E. Maple, Birmingham, MI 48009. Our fax number is (810) 644-1314.

Tom Wilkinson of Pleasant Ridge has joined DMB&B Public Relations as an account supervisor on the Cadillac Motor Car account. Wilkinson comes to the agency from Motor Magazine, where he was editor for the last year.

Robert L. Schwartz of Bloomfield Hills has joined the law firm of Howard & Howard Attorneys, P.C. Schwartz specializes in public and corporate finance and securities in the Bloomfield Hills office.

United Capital Financial in Bingham Farms has promoted Ted Efron to vice president. Efron, a Sylvan Lake resident, has served as assistant vice president and assistant financial advisor.

promoted David Youngs to account executive. The Auburn Hills resident had served as loan officer prior to the appointment.

ITT Cannon has named Gregory L. Nystrom of Rochester Hills as automotive sales manager for the North American market. Nystrom has served various sales and sales management positions with such companies as Texas Instruments, Inc., Dana Corp., Warner Electric Division, and Goodyear Tire and Rubber, Motor Wheel division.

MTS System Corp. (Nasdaq:MTSC) announced that James M. Egerdal of Rochester has been promoted to vice president, North American sales. Egerdal has sales management responsibility for all MTS North American sales. Egerdal has been with MTS for 11 years. He is based in the Bloomfield Hills office and specializes in financial institution partnerships and individual and trust taxation. She resides in

Plaine & Moran, LLP, has promoted Andrea Youmans, CPA to tax associate. Youmans joined the firm as a member of the tax staff in 1991. She is based in the Bloomfield Hills office and specializes in financial institution partnerships and individual and trust taxation. She resides in

Commerce Township. Mark Pierret of Troy has joined Sefion Consulting Group as staff consultant in the Detroit office. Sefion's primary responsibility will be with the Ford Motor Company account. He has worked as account executive for the Pulk Company in Detroit and as field customer service division.

Michigan National Bank (MNB) has promoted James E. Basso of West Bloomfield to vice president. Basso, a senior review appraiser, interprets and enforces the corporation's appraisal policies and procedures, ensuring compliance with OCC appraisal regulations and requirements. He has served as second vice president and commercial review appraiser, prior to receiving the promotion.

James M. McGraw of Troy has been named vice president, finance and administration for Coughlin, an operational logistics company headquartered in Taylor. He will oversee the company's accounting, treasury, administration and marketing operations. Previously, McGraw had been vice president of sales, marketing and international operations for Morgan Corporation in Morgan

town, Pa. * S. Yangouyian & Associates, Inc., a Southfield-based multi-state disability case management firm, has announced the promotion of Carol Nickel of Troy to director of Professional Services and the appointment of Bill Sheppard, also of Troy, as public relations/customer service specialist.

Tom Bloomer of Birmingham has joined the agency of K. Kan, Blitzer and Desmond, Inc. as creative director, working on Diversified Accounts business. Bloomer comes to KB&D from J. Walter Thompson where he was associate creative director on the regional advertising for the agency.

Hugh Lombardi of Auburn Hills has been named executive director for Palace Sports and Entertainment and Marilyn Desjardins of Rochester Hills has assumed the new role as vice president of booking and marketing. Lombardi will oversee the administration of the organization's three venues and booking all non-concert events. Desjardins' new position expands her responsibilities to include overseeing the talent buying for The Palace, Pine Knob and Meadow Brook Music Festival, while still maintaining the organization's marketing and public relations efforts.

—compiled by
Valerie Olander
staff writer

Observer & Eccentric