



Asset allocation has impressive track record

Editor's note: This is the eighth article in a nine-part series on investment planning. Next week's column will deal with the real world experience of asset allocation.

Time cures most investment ills – as long as the investor owns a diversified investment portfolio. Unfortunately, not everyone has an endless amount of time to wait out the market's declines. Most of us need our money from time to time – either for big ticket items such as a home or college funding, or for unforeseen emergencies.

Fortunately, time is not an investor's only investment ally.

Savvy investors use the principles of asset allocation to reduce the risk due to market fluctuations, thereby protecting their investment over the short run.

And there is plenty of evidence to prove that both static and dynamic asset allocation strategies work quite well to achieve this objective.

A static asset allocation leaves the allocation of investable funds among different asset classes unchanged, whereas dynamic asset allocation changes the mix, depending upon economic and financial conditions.

Static asset allocation strategies

In this section three real world examples will be presented in which the performance of a static asset allocation strategy will be measured against the performances of the broader market, as measured by Russell 3000.

1. January 1987 - March 1991

Figure 1 (See Page 3) presents the final four dizzying years of the eight-year economic cycle that ended in March 1991. The solid line represents the value of \$1,000 invested in a static allocation of stocks (40 percent), long-term Treasury bonds (40 percent) and T-Bills (20 percent).

This portfolio was adjusted every six months to keep the mix constant. The dashed line shows the return on bonds, and the dotted line represents stock returns.

These four years included a seven-month bear market for bonds in 1987 and, of course, the infamous stock market crash of October 1987.

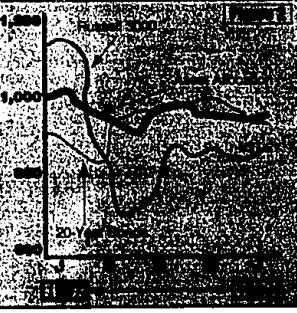
In addition, 1990 witnessed significant corrections in both markets as a prelude to the Gulf War recession.

However, in spite of the turmoil, the asset allocation portfolio avoided the worst bond and stock declines while capturing most of the permanent advances in each market.

The advantage of investing in the asset alloca-

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Asset Allocation v. Russell 3000



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

Anne Dieters of Rochester Hills has been named regional public relations coordinator for The WW Group, Inc., the largest franchise of Weight Watchers International. She is responsible for directing media relations and ongoing public

relations projects in eight states and Canada.



Wendy Potts of Birmingham will take office as the secretary of the State Bar of Michigan Sept. 20. She is a member in the Birmingham Law firm of Clark Hill where she focuses on family law.

James L. Fetter of Southfield has been appointed financial controller for the North American Market at Federal-Mogul. He came to Federal-Mogul from Allied Signal's after-market division in Rhode Island where he served as director of finance.

Thomas Mayer was named senior copywriter at D'Arcy

BUSINESS & FINANCE

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Faculty benefit from internships, too

Just like their students, Oakland University engineering and business faculty have been doing internships this year. The partnership with Chrysler Corp. has been considered a benefit to both parties.

What a difference a year can make.

Considered successful by any measure, Chrysler Corporation's first summer internship program last year netted Oakland University in Rochester more than \$260,000 in contracts, as well as provided OU engineering professors with a working example of how the theories they

teach in the classroom apply to the manufacturing environment.

Through the program, one of OU's latest efforts to turn classroom theory into practical knowledge, OU professors hope to help students become better prepared to enter a rapidly changing global workplace after graduation.

In return for their time, Chrysler

adds critical thinking and problem-solving skills to their engineering teams.

"This is an extremely successful program with no end," said Dennis Pawley, Chrysler executive vice president of manufacturing. "We found Oakland's professors to be intellectual, enthusiastic and aggressive."

The fit right into our environment and made tremendous strides in our continuous improvement efforts.

They contributed significantly to how we operate our business."

This summer's ongoing effort includes a more focused approach and less work on-site in manufacturing plants, according to Michael Hung, professor, Mechanical Engineering.

"We are achieving a lot more this summer," said Hung. "We have a lot more expectations this year and we are learning more about what the real world needs to get students ready for the industry. This is good for me and my students."

Last year, there were 12 engineering and computer science faculty.

See INTERNSHIPS, D3

Safe-T-Child

Local business focuses on teaching kids to play it safe

By BARB PERT TEMPLTON
SPECIAL WRITER

"Take three steps back and run like the wind."

Those nine words could quite possibly be among the most important ever memorized by a child.

The catchy phrase is part of a song produced by creators of the Safe-T-Child Program that seeks to warn youngsters to beware of strangers.

"The idea is that if you're not within arms reach, you can't be abducted," explained Sharon Cottrell. She is the director and owner of a local franchise of Safe-T-Child. It that caters to an array of clients in Oakland County.

A native of Michigan's Upper Peninsula, Cottrell completed work on a bachelors degree in public administration at Northern Michigan University in 1992. When she was unable to find employment in that field she moved to Waterford.

She began her franchise of the Texas based company last February in her Waterford Township home.

She read about Safe-T-Child in a business magazine that touted the company as one that will be of rising interest to the public soon.

As the mother of seven and grandmother to nine, Cottrell said that as she considered a home-based business her interest moved naturally toward something for children.

"I was interested in anything to do with safety, especially in our unsafe world, so that caught my interest," she said. Safe-T-Child is a well established firm with an international network that includes 70 franchise directors. It was founded in 1987 in Austin, Texas by Jan Wagner.

Wagner recently published a book for parents entitled, *Not My Child: 30 Simple Ways to Keep Your Child From Becoming Lost, Missing, Abducted or Abused*.

"The couple that started this program just began in their basement and it built up from there," said Cottrell. "We just came back from the annual workshop they have in Austin and it's really nice."

Safe-T-Child estimates that the program has already reached more than two million children. The pro-

See SAFETY, D2

See SAFETY, D2



PHOTO BY TOM HOFFMASTER

Safe stuff: Sharon Cottrell and her friend Dino the dinosaur teach children to protect themselves in an unsafe world.

Auto luxury tax starting phase out

After more than six years on the books, the luxury tax on automobiles will begin phasing out yesterday.

The tax will dropped from 10 percent to nine percent on the retail price of new automobiles over \$34,000 for all cars sold on or after that date, according to the American International Automobile Dealers Association (AIADA).

"It's about time," said Walter E. Huijsenga, AIADA president. "We have long argued it is fundamentally unfair to tax a \$34,000 car as a luxury, especially as the tax

See LUXURY TAX, D3



Missing person: Andrea Clowits, manager of the Big Boy's on Southfield Road, said she doesn't know what happened.

STAFF PHOTO BY JERRY ZOLTOWSKI

Local Big Boy statues gone from restaurants

Those famous Big Boy statues have disappeared from Big Boy restaurants in Troy, Farmington, Southfield and all around the United States.

A total of 60 statues nationwide were discovered missing on Aug. 19.

Big Boy Restaurants International officials have been silent when questioned about the statues' whereabouts.

There has been speculation that perhaps the company is attempting to revisit its famous "Should he stay or should he go?" campaign of the early '80s when the public was asked to vote on whether to change the famous checkered

corporate symbol.

Others wonder whether this is the first leg of a clandestine attempt by the company to replace its trademark mascot. Big Boy Restaurant officials declined to comment on where the missing statues are located.

However, Tony Michaels, vice president of marketing for Big Boy Restaurants International, did offer these "tongue-in-cheek" explanations for the disappearance.

"We prefer to believe that after 80 years, Big Boy has decided to either:

See BIG BOY, D2

BUSINESS MILESTONES



Mansius Benton of Bloomfield Hills. He will work on several agency accounts, including Pontiac Grand Prix, Pontiac Bonneville and Dow Chemical.



Dawn Frassa of Clarkston was promoted to account supervisor at Elsberryer Public Relations in Troy. Frassa is responsible for managing the Lear Corp. of Southfield account as well as coordinating the firm's volunteer efforts with Junior Achievement.



Brendy Barr of Beverly Hills has been promoted to vice president of international public relations counseling firm Sandwick USA. In her 12 years

in the field, she has managed publicity efforts for Kmart, Coca-Cola, Kelly Services, National School Bus service and Chrysler.

Julie Hoffmann of Palatine, Ill., was promoted to account supervisor at Elsberryer Public Relations in Troy. She manages Elsberryer's new Chicago satellite office and coordinates a variety of services for several of the firm's automotive clients.

Murray Schlusel of Franklin was named director, tax consulting for Arthur Andersen. His focus will be large, multinational companies, both locally and globally.

Karl Pollack of Royal Oak has

won Master Technician honors from Suburban Oldsmobile Cadillac, Troy. To receive the honor, he passed all guild service examinations with a 95 percent rating or higher.

James Bearas of Warren was named manufacturing engineer at Linn Holman, a Farmington Hills supplier of OEM electric sunroofs to the automotive industry.

Robert Bingham, Oakland County Probate Court administrator, was re-elected to a new three-year term as a board member of the National Association of Probation Executives, a professional organization representing the officers probation agencies.

