

Business

Barry Jensen editor/591-2300



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102C

Firm objectives help build sound portfolio

By Sid Mittra and Dean Calvert
staff writers

PART I

Betty Client, a 62-year-old widow, came to us for advice. For some time she had been "managing" her own portfolio, but had wondered if she was doing the right thing. The portfolio consisted of treasury bills and money market funds, and the value of the fund was \$225,000.

Dr. Mike John, too, was "managing" his portfolio valued at \$225,000, but came to us to find out why he was unable to obtain a 30% return. These clients typify thousands of persons who venture to manage their port-



finances and you

Sid Mittra

folios without proper background or preparation. The results can be disappointing, even disastrous.

In a four-part article, we will explore the important aspects of portfolio management. Those who are technically oriented may wish to read the following book: Sid Mittra, Investment Analysis and Portfolio Management, Harcourt Brace, Jovanovich, 1981.

What is a portfolio?

An appropriate beginning is to define a portfolio. To some, the word may conjure up a vision of investments in hundreds of shares of many different stocks and bonds. A portfolio is nothing more than an itemized list of investments. If you have two stocks, you have a portfolio.

A portfolio is never static. It expands and contracts with changing conditions and fluctuations in the values of securities. That is why you may miss an opportunity for gain or invite the possibility of loss by letting your investments go unattended.

As the old saying goes, the only thing that does not change is change itself. Companies change, your personal situation changes, and the world changes around you. An investment that looked great a year ago can lose its glamour almost overnight, because, like fashions in clothing, stocks can also go out of style.

Your investment objectives

The starting point is to have an ob-

jective clearly in mind. What are your needs? What do you want your investments to do for you? How much money do you wish to invest? How much risk can you take?

What are your liquidity needs? One way to articulate your thoughts is to fill out the following table:

Objective	Your preference
Capital appreciation	percent
Tax savings	percent
Current income	percent
Safety	percent
Total	100 percent

Remember that these are somewhat

inconsistent goals. You have to give up part of one goal in order to achieve more of another. For instance, if you want maximum capital appreciation, you would have to sacrifice safety, current income, or tax savings. Of course, these objectives can change over time. Nevertheless, no investment management game plan can be successfully developed without our ultimate objectives in mind.

NEXT WEEK: The Diversification Issue.

Sid Mittra is professor of economics and management, Oakland University, and president, Coordinated Financial Planning Inc.

business people

David Beatty of Birmingham is now affiliated with Weir Manuel Snyder and Ranke's Birmingham office. He was with Real Estate One.

Dennis R. Callaghan has joined the Michigan Mutual Insurance Co. as assistant vice president for data processing services at the computer center in Southfield.

The Engineering Society of Detroit has named the following engineers to its College of Fellows: John T. Benedict of Lathrup Village, senior staff editor, Society of Manufacturing Engineers; Lee Iacocca of Bloomfield Hills, chairman of the board, Chrysler Corp.; Dr. Ralph H. Kummel of Birmingham, professor and chairman, department of chemical and metallurgical engineer-

ing, Wayne State University; F. James McDonald of Bloomfield Hills, president, General Motors Corp.; Harold K. Sperlich of Orchard Lake, president, Chrysler Corp. Two area executives were among five committee chairmen, whose committees contributed to the progress and success of the Engineering Society of Detroit during the past year, were honored at the annual meeting. Robert Richardson of Bloomfield Hills was honored for his work on the affiliate council. He is a manufacturing executive at Jervis B. Weiss Co. Serge Gratch of Birmingham was honored as general chairman of the membership committee. Gratch is a registered professional engineer at Ford Motor Co.

Wallace H. Sampson of Bloomfield Hills, a first vice president of E.P. Hutton and manager of the Southfield office, has been named to the firm's newly established Edward F. Hutton Club.

Jerry E. Purcell of Farmington Hills has been appointed president of the Budd Co.'s plastics division.

Marsha L. Olsen has been promoted to production coordinator/associate producer for R.E. Launs Advertising of Southfield.

Restaurant Manager of the Year by the Evans company.

Lisa Y. Lowe was elected an assistant vice president of Ashwell & Co. and will continue to work from the company's Troy office.

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datebook

● **ARTFUL NEGOTIATION**
Tuesday, July 17 — Council on Small Enterprise seminar 8-10 a.m. in Bloomfield Township. Fee: \$5 for members, \$10 for non-members, including continental breakfast. Reservations: 335-6148. Sponsor: Oakland County Chamber of Commerce.

● **SELECTING A MICROCOMPUTER**
Tuesday, July 17 — "Microcomputer Selection and Implementation for a Growing Business" seminar offered 8:30 a.m. to 5 p.m. in Troy. Fee: \$195 for first person, \$150 for additional people from same organization. Information: Dixie Dahke, 446-7452. Sponsor: Coopers & Lybrand.

● **MIOSHA RECORDKEEPING**
Wednesday, July 18 — Michigan Oc-

cupational Safety and Health Act recordkeeping workshop offered 9:30-11:30 a.m. in Southfield. Fee: none. Information: 256-3610. Sponsor: Michigan Department of Labor.

● **WORDSTAR INTRO**
Monday, July 23 — Introduction to Wordstar will be offered 8-9 p.m. July 23, 25 and Aug. 1 in Troy. Fee: \$175. Information: Rosemary Hosland

Ging, 680-2182 Ext. 237. Sponsor: Walsh College.

● **IRS EXAM**
Tuesday, July 31 — Postmark deadline to enroll in 1984 Internal Revenue Service Special Enrollment Examination scheduled for Monday-Tuesday, Sept. 24-25. Fee: \$50 for all four parts. Information 1 (800) 424-1040 Ext. 6080 or 7230.



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