

Business

Barry Jensen editor/591-2300



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Thursday, April 25, 1985 O&E

Timing service works best over the long haul

By Sid Mittra
and Mariola Kulikowski
special writers

Last week, we discussed the technique of timing a mutual fund. This week we will discuss the major pitfalls of this service.

The Major Pitfalls

The above discussion would be utterly misleading without recognizing the pitfalls of this strategy.

First, timing service constitutes a long-term strategy. No significant gains can be realized over a short period, except by accident.

Second, the results are highly influenced by the timer's ability to recognize the peaks and valleys. Timing is not an exact science, and no one can ever be expected to have a perfect score. In fact, a rational investor must assume that there will be "several misses" over a long time period.

Third, even when a timer carefully selects a mutual fund that is likely to fluctuate, changed market conditions may push it into a steady or declining price pattern. In that case, the timing service will produce inferior results.

Fourth, even when the timing service is operating effectively, certain events, which can be likened to "ex-



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ogenous shocks" to the system, can totally frustrate the timer's efforts and produce disastrous results. Failure of Continental Bank, Iraq-Iran War, and the Proposed 1985 Tax Law are examples of these exogenous shocks. Since none of these can ever be predicted, no timing service can act upon them soon enough to avoid significant declines in investment values.

Fifth, a timing service does cost money. For instance, a 2-percent annual fee charged by timing service means that a 15-percent return from a timed mutual fund is no better than a 13-percent return from an untimed fund.

The Verdict

When the advantages of a timing ser-

vice are stacked up against the pitfalls of such a service, on balance, the advantages far outweigh the disadvantages. However, you must recognize the ABC of a timing service before signing on the dotted line:

"A" account: The timer must be accountable. Remember: He can only produce superior results in the long run.

"B" aware of shocks: Recognize that exogenous shocks render timing service temporarily ineffectual.

"C" cost: Timing service can be expensive, especially if during any given period your mutual fund experiences a long decline or a sideways movement.

Educational Seminar: The Observer & Eccentric Newspapers and the Coor-

ordinated Financial Planning staff will conduct a seminar 7-10 p.m. Tuesday, May 14, at the Bloomfield Township Library, 1099 Lone Pine Road, Bloomfield Hills. This seminar will cover: Strategic planning; tactical planning; insurance, taxes, education, wills; product planning; mutual funds, stocks and bonds; real estate and oil and gas tax shelters. An out-of-town investment specialist will discuss a specific tax shelter.

The seminar is free, but registration is required. For more details, call 643-8888.

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

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2-PAYCHECK FAMILY

Thursday, April 25 — Two-Paycheck Family seminar 7-9:30 p.m. in Birmingham. Price: \$8. Information: 644-6832. Sponsors: Michigan State University Cooperative Extension Service, Community House.

WANG WORDS

Thursday, April 25 — Word Processing on the Wang begins at 7 p.m. in Rochester. Fee: \$85. Information: 370-3120. Sponsor: Oakland University.

ENROLLED AGENTS

Thursday, April 25 — National Association of Enrolled Agents meets at 6 p.m. in Bloomfield Hills. Information: 977-6950.

ACCOUNTANTS ASSOCIATION

Thursday, April 25 — Oakland County chapter of National Association of Accountants meets at 6:15 p.m. in Bloomfield Hills. Information: Steve Drexel, 362-4444, Ext. 545.

TRADE SHOW SELLING

Friday, April 26 — "The Dynamics of Trade Show Selling" offered from 9 a.m. to noon in Detroit. Tickets: 569-8289. Sponsor: Business-Exps.

ENTREPRENEUR CONFAB

Saturday, April 27 — Entrepreneur Conference IV "How to Capitalize on Your Competitive Edge" begins at 8 a.m. in Troy. Fee: \$75. Information: Wiley Pickett, 594-3427. Sponsors: Harvard Business School Club of Detroit, Small Business Development Center.

REAL ESTATE APPRAISERS

Monday-Saturday, April 29 to May 4 — "Basic Valuation Procedures" offered in Troy. Tuition: \$400. Information: 573-6987. Sponsor: American Institute of Real Estate Appraising.

LIFE INSURANCE

Tuesday, April 30 — Michigan Association of Life Insurance Counselors meets in Dearborn. Information: Constance Adams, (517) 484-8494.

BUSINESS NETWORK

Tuesday, April 30 — Birmingham-Bloomfield "Connection," a business exchange, meets 5:30-7:30 p.m. in Birmingham. Reservations: \$5. Information: 644-1700. Sponsor: Birmingham-Bloomfield Chamber of Commerce.

WORDSTAR INTRODUCTION

Tuesday, April 30 — Four-session "Introduction to WORDSTAR" course offered 5:45-8:45 p.m. in Troy. Fee: \$175. Information: 689-8282, Ext. 258. Sponsor: Walsh College.

ASSERTIVE MANAGEMENT

Wednesday-Thursday, May 1-2 — "How to Develop Assertive Management Skills" offered in Troy. Fee: \$495. Information: Clark DeHaven, 1-800-428-4284. Sponsor: Michigan State University.

DIRECT MARKETERS

Thursday, May 2 — Direct Marketing Association of Detroit meets in Detroit. Information: Vi Davidson, 961-9720.

INDUSTRIAL OFFICE PARKS

Friday, May 3 — Michigan Chapter of the National Association of Industrial and Office Parks meets at 8 a.m. in Southfield. Information: David G. Miles, 559-2000.

IBM PC

Saturday, May 4 — A four-session, non-credit course on the fundamentals of operating the IBM personal computer will be offered from 9:30 a.m. to 12:30 p.m. in Rochester. Fee: \$85. Information: 370-3120. Sponsor: Oakland University.

GRE WORKSHOP

Saturday, May 4 — A five-session, non-credit workshop for the Graduate Record Examination will be offered from 9 a.m. to 3 p.m. in Rochester. Fee: \$95. Information: 370-3120. Sponsor: Oakland University.

TOOL CONFERENCE

Monday-Thursday, May 6-9 — SME International Tool & Manufacturing Engineering Conference and Exposition begins at noon in Detroit. Information: 271-1500. Sponsor: Society of Manufacturing Engineers.

REAL ESTATE APPRAISERS

Monday-Saturday, May 6-11 — Residential Evaluation offered in Troy. Tuition: \$400. Information: 573-6987. Sponsor: American Institute of Real Estate Appraising.

SYMPHONY INTRODUCTION

Wednesday, May 8 — "Introduction to SYMPHONY" course offered from 8:45 a.m. to 12:15 p.m. in Troy. Fee: \$55. Information: 689-8282, Ext. 258. Sponsor: Walsh College.

CLIENT ACCOUNTING

Wednesday, May 8 — "Client Accounting on the Microcomputer" offered 1-4 p.m. in Troy. Fee: \$55. Information: 689-8282, Ext. 258. Sponsor: Walsh College.

EFFECTIVE SUPERVISION

Friday, May 9 — "Effective Supervision — the Gut Issue" course offered from 8:45 a.m. to 4:30 p.m. in Troy. Fee: \$90. Information: 689-8282, Ext. 258. Sponsor: Walsh College.

EFFECTIVE COMMUNICATION

Friday, May 9 — "Confident Speaking and Tips for Presenters" course offered from 9 a.m. to 3:45 p.m. in Troy. Fee: \$85. Information: 689-8282, Ext. 258. Sponsor: Walsh College.

TAX STRATEGIES

Friday, May 9 — Free seminar for lawyers, "Financial and Tax Strategies for You, Your Clients and Your Law Firm," offered 3-5 p.m. in Southfield. Information: Karen Calcia, 352-2500. Sponsor: Plante & Moran.

STAFF LEASING

Saturday, May 10 — "Staff Leasing — TERFRA A Safe Harbor" course offered from 8:45 a.m. to 12:15 p.m. in Troy. Fee: \$55. Information: 689-8282, Ext. 258. Sponsor: Walsh College.

AD AGENCY BOOT CAMP

Friday-Sunday, May 10-12 — Three-day workshop simulates working for real advertising agency for persons who want experience with ad agencies. Information: Roger Honkanen, 335-9821. Sponsor: Creative Advertising Seminars Inc.

ROBOTS CONFERENCE

Monday-Thursday, June 3-6 — ROBOTS '85 Conference and Exposition begins at noon in Detroit. Information: 271-1500. Sponsor: Robotics International of SME, Robotics Industries Association.

INVESTOR RELATIONS

Tuesday, June 4 — National Investor Relations Institute meets at 11:30 a.m. in Bloomfield Hills. Information: Frieda Fenner, 567-2300.

RECORD KEEPING

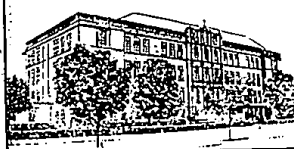
Thursday, June 6 — Personnel record-keeping workshop offered in Southfield. Fee: \$225. Information: (800) 227-0804. Sponsor: Institute for Personnel Development.

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