

Luck Out: Stock Experts Top the Darts

YOUR MONEY MATTERS

By GEORGETTE JASEN

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The pros did it again, scoring a narrow victory over the forces of chance in this column's latest stock-picking contest.

Four investment professionals posted an 8.7% average investment gain in just under six months, to give their team its second consecutive win after a string of losses. A portfolio of four stocks chosen by Wall Street Journal staffers tossing darts at the stock tables rose an average of 7.8% during the contest period, which ran from April 9 through the end of September; the Dow Jones Industrial Average rose 5.8%.

The pros were led for the most recent six months by David Klaskin, president of

INVESTMENT



DARTBOARD

Oak Ridge Investments Inc. in Chicago. His pick of CUC International Inc., a membership-based discount-shopping service based in Stamford, Conn., rose 42.4%. In second place was Stephen J. Lococo, senior vice president and research

analyst at Kirkpatrick, Pettis Inc., a money-management firm in Omaha, Neb. His pick, International Game Technology, a Reno, Nev., maker of video-game slot machines, rose 34.4%.

As is this column's custom, the two top finishers have been invited to return for another skirmish with the darts. They will be joined for the competition ending next March 31 by James C. Burns, managing director of J.W. Burns & Co. in Syracuse, N.Y., and by Bernard G. Schaeffer, president of Investment Research Institute in Cincinnati.

For his third outing against the forces of chance, Mr. Klaskin's choice is Oceaneering International Inc., a marine-services company in Houston. The company, which provides underwater services and equipment used primarily by the oil and

Contestants for the Coming Six Months



David M. Klaskin
Oak Ridge Investments
Buy:
Oceaneering
International (OII)



James C. Burns
J.W. Burns & Co.
Buy:
Amgen (AMGN)

Stephen J. Lococo

Kirkpatrick, Pettis
Buy:
Ramtron
International (RMTR)



Bernard G. Schaeffer

Investment Research
Institute
Buy:
Home Depot (HD)



Experts vs. Darts the Past Six Months

EXPERT	AFFILIATION	RECOMMENDATION	PERFORMANCE ¹ APRIL 9-SEPT. 30, 1996
David M. Klaskin	Oak Ridge Investments	Buy: CUC International	+42.4%
Stephen J. Lococo	Kirkpatrick, Pettis	Buy: International Game Technology	+34.4
Ron Scott	Nubian Asset Management	Buy: Office Depot	+33.3
Sally Anderson	Kopp Investment Advisors	Buy: Network Equipment Technologies	-55.3
Experts as a group			+6.7
Dartboard Portfolio²			+7.8
Dow Jones Industrial Average			+5.8

¹ Capital gain or loss only. Calculations by IDD Information Services/TradeLine

² Four stocks picked by throw of darts: Post Properties up 12.7%; Lincoln Electric up 10.1%; T-Headix up 5.2%; Public Service of Colorado up 3.3%.

natural gas industry, has "highly regarded technology and a good reputation," Mr. Klaskin says. "The people they do business with are big players who are well capitalized."

Even if the economy slows down, he adds, drilling for oil is likely to continue at stable rates. "The cycle for the oil industry in general is longer than the economic cycle," Mr. Klaskin says. The company is increasing its fleet of underwater robots, a "heavy capital commitment" that should result in increased business.

Oceaneering International also does work for the telecommunications and other industries, and for government agencies

such as the U.S. Navy. Its robots, formally known as remotely operated vehicles, were used in the investigation of the crash of TWA flight 800 off Long Island, N.Y., this summer.

The stock closed yesterday at \$17 a share, down 50 cents, in New York Stock Exchange composite trading. Mr. Klaskin says it could go to \$22 to \$24 by the time this contest ends in March.

Mr. Lococo is going with Ramtron International Corp., a Colorado Springs, Colo., maker of computer memory chips. The company's ferroelectric technology, which allows chips to retain memory without electricity, "is probably the big-

(over please)

gest change in the chip market in 20 years," Mr. Lococo says. "No one else makes anything like this."

Although the company has yet to report "any meaningful operating profits," Mr. Lococo says, losses have narrowed, and he expects further improvement this year. Ramtron has announced agreements with several big Japanese companies that will produce its ferroelectric chips and provide licensing and royalty income, he adds. "When you surround yourself with this type of world-class manufacturers, there must be something there."

The stock got caught up in the "disarray" in the market over the past year, he says, but "the chip market has firmed up and started to turn around . . . [It's] now ready to look at this technology." The stock traded closed yesterday on the Nasdaq Stock Market at \$7.688, up 56.25 cents. "If they deliver what they say they're going to deliver, the stock can be in the \$12.50 to \$13 range in six months."

Mr. Burns is trying for his first win against the darts with Amgen Inc., the Thousand Oaks, Calif., biotechnology concern. "It has a very strong product pipeline, a strong balance sheet and a strong management team," he says.

In addition to products already on the market to stimulate production of red and

white blood cells, Amgen has a number of products in various stages of clinical trials, Mr. Burns says. "They're going to be in several large and interesting markets," he adds. "It should attract a lot of investor interest." The new products include treatments for obesity, cancer, Parkinson's disease and hepatitis C, Mr. Burns says.

Management has proven its ability to bring products to market successfully, he says, and earnings have exceeded analysts' expectations. He predicts that the stock, which closed yesterday at \$61.375, up 50 cents, on the Nasdaq, could be at \$73 by the time this contest ends.

Mr. Schaeffer's pick for the coming six months is Home Depot Inc., the chain of retail building-supply stores based in Atlanta. He says some investors question the company's growth potential but he sees plenty of room for growth. The company has stores in just 28 states, 12% of the national market, he says.

It has announced plans to add 90 stores during the current fiscal year, which ends next January — a 20% increase. "The company is growing at a very solid rate," he says, noting that it has reported year-to-year earnings improvement for 41 consecutive quarters.

"The housing market is blowing away economists' expectations, consumer

spending is strong and interest rates are at the low end of the 1996 range, which has to be helpful," Mr. Schaeffer says. He says Home Depot stock, which closed yesterday on the Big Board at \$57.875, down 62.5 cents, could rise to \$70 over six months.

For the competition ending next March 31, the four pros will be competing against a dashboard portfolio consisting of Polycam Inc., Sylvan Learning Systems Inc., Wells Fargo & Co. and WPS Resources Corp.

Results of the competition just ended bring the score to 43 to 33 for the pros vs. the darts in 76 contests since current rules were adopted in July 1990. Against the Dow Jones Industrial Average, the pros are ahead 40 to 36.

The pros, meanwhile, have posted an average six-month investment gain of 10.3%, compared with 5.6% for the darts and 5.8% for the Dow Jones industrials.

The latest results end the participation in this series of contests by Sally Anderson of Kopp Investment Advisors in Edina, Minn. — at least for a while. After two first-place and six second-place finishes since 1992, her most recent pick of Network Equipment Technologies Inc. came in fourth among the pros' choices. Under current rules, Ms. Anderson is eligible to rejoin the competition against the darts in 2001.