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Your Money Matters

**Stock Pros Easily Beat Darts;
Margin Is Among the Widest**

By **GEORGETTE JASEN**

Staff Reporter of THE WALL STREET JOURNAL

A team of investment professionals scored a big win in this column's latest stock-picking contest, easily besting both the forces of chance and the Dow Jones Industrial Average.

The pros' 29.9% average investment gain in the period from July 8 through Dec. 31 compared with an average 20% loss for a portfolio chosen by flinging darts at the stock tables. It was one of the widest margins of victory for the pros in this competition's 10-year history. The Dow industrials were nearly flat during the period, rising just 0.1%.

Source Information Management, a St. Louis company that provides retailers with collection and other services related to single-copy magazine sales, was the top-performing stock, with an astounding 64.2% gain in less than six months. It was the selection of Richard Keim, managing partner of Keim Wilson Associates, a New York investment-management firm.

Rite Aid, the Camp Hill, Pa., drugstore chain whose stock rose 24.6% during the contest, put William P. Miller in second place. Mr. Miller is chief investment officer, equities, for American Express Asset Management in Minneapolis, a unit of **American Express Co.**

As is this column's custom, the two top finishers are returning for another round against the darts. Their teammates for the coming six months will be Courtney D. Smith, executive vice president and chief investment officer for Orbitex Management, an investment-advisory firm in New York, and Paul M. Wendee, of Paul M. Wendee & Associates, an investment-research firm in Laguna Niguel, Calif.

Mr. Keim is sticking with Source Information for his second round against the darts, saying that the stock can move still higher. "It's a better bet today than it was six months ago," he says. He expects earnings to grow 75% or more in the fiscal year that begins Feb. 1.

The company has expanded its business, he says, by providing front-of-store display racks for impulse-buying items such as batteries and candy in addition to magazines, and with an online-communications network that allows retailers to see the latest offerings and incentives from magazine publishers. Advertising and fees from publishers participating in the online network will generate additional revenue, Mr. Keim adds. "It's a unique company with very little competition," he says.

Source Information shares gained 6.25 cents to \$11.25 Tuesday on the Nasdaq Stock Market. That was down from \$11.625 on Dec. 31, when the last contest ended, but still more than 55% higher than six months ago.

Mr. Miller, competing against the darts for the fourth time, is going with **Computer Sciences**, an El Segundo, Calif., computer-services and systems-integration company. Earnings growth is projected to

accelerate to 22% to 23% a year, while the stock is trading at a discount to the overall market. "A good company like this should be at a premium," Mr. Miller says.

Expanding international business and U.S. commercial business will lead to improved profit margins, Mr. Miller says, while U.S. government business holds steady. "It's still risky out there, and this is an extremely stable company," he says. He expects the stock to attract more interest as earnings grow, pushing it up from Tuesday's close of \$64.25, off \$1.75, on the New York Stock Exchange.

Mr. Smith's pick for his first outing against the darts is **Lowe's**, a North Wilkesboro, N.C., home-improvement retailer. The company will benefit from high consumer confidence and low interest rates, which together are driving people to spend money to upgrade their homes, he says.

In the last five years, Lowe's has changed from a chain of small hardware stores into warehouse-style stores, Mr. Smith says, adding, "I'm totally impressed with their ability to reinvent themselves." Same-store sales grew more than 10% last year, and total sales rose about 24%, he says. Combined with an improved supply and distribution system, increased sales should contribute to annual earnings growth of 20% to 25%, he says. The company operates 474 stores in 26 states.

Lowe's stock finished down 6.25 cents on the Big Board Tuesday at \$53.1875, giving it a lower price-earnings ratio, Mr. Smith notes, than the better-known Home Depot.

Cal Dive International is Mr. Wendee's choice for his first competition against the darts. The Houston company provides underwater services for oil and natural-gas drilling in the Gulf of Mexico. Although the stock price has fallen in response to low oil prices, Mr. Wendee says, "The market has discounted the worst. There's a lot more upside than downside."

Fourth-quarter earnings are in line with expectations, he says, and the company has no long-term debt. It has been operating in the Gulf of Mexico for more than 20 years. "We look for a track record. This is an undervalued, good, strong company," says Mr. Wendee, whose firm does research for Brookstreet Securities in Irvine, Calif.

Cal Dive shares closed at \$18.0625, off 31.25 cents, in Nasdaq trading Tuesday.

For the contest ending June 30, the four pros will be competing against a Dartboard portfolio consisting of **Advantica Restaurant Group**, **Chelsea GCA Realty**, **Modtech** and **Talisman Energy**.

The latest results leave the pros comfortably ahead of the darts and the Dow Jones Industrial Average in the 103 contests since current rules were adopted in 1990. The score is 63 to 40 for the pros over the darts, and 53 to 50 when the pros are pitted against the blue-chip average.

The pros look even better when their actual investment performance, an average six-month investment gain of 10.8%, is compared with average gains of just 3.8% for the forces of chance and 6.6% for the Dow industrials.

BEARS IN A BULL MARKET: Of 18 investment professionals who in October guessed where the Dow Jones Industrial Average would be at the end of 1998, only one ventured above the 9000 mark. Stephen Leeb of Money Growth Institute in New York, guessed 9100, making him the winner of an informal contest at a dinner celebrating the completion of 100 Dartboard competitions. The pros, all first-place finishers in past contests, made guesses ranging from 6801 to Mr. Leeb's 9100. Four were below

7000, and eight were between 7000 and 8000. The industrials, which closed at 7742.98 on Oct. 6, the night of the dinner, ended 1998 at 9181.43.

Contestants for the Coming Six Months</CAPTION

Richard Keim
Keim Wilson Associates
Buy: Source Information Management



William P. Miller
American Express Asset Management
Buy: Computer Sciences



Courtney D. Smith
Orbitex Management
Buy: Lowe's



Paul M. Wendee
Paul M. Wendee & Associates
Buy: Cal Dive International



Experts vs. Darts the Past Six Months</CAPTION

Expert Affiliation	Recommendation	Performance-a July 8- Dec. 31, 1998
Richard Keim <i>Keim Wilson Associates</i>	Buy: Source Information Management	+64.2%
William P. Miller <i>American Express Asset Management</i>	Buy: Rite Aid	+24.6
David B. Root Jr. <i>D.B. Root</i>	Buy: Bausch & Lomb	+22.6
Peter D. Wells <i>Kanne, Paris & Hoban</i>	Buy: MDC Holdings	+8.2
Experts as a group		+29.9
Dartboard Portfolio-b		-20.0
Dow Jones Industrial Average		+0.1

a-Capital gain or loss only. Calculations by IDD Information Services/Tradeline

b-Four stocks picked by throw of darts: Provident Cos., up 15.5%; Embrex, down 18.4%; Kranzco Realty Trust, down 19.8%; Friede

Goldman International, down 57.5%.

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