In the News

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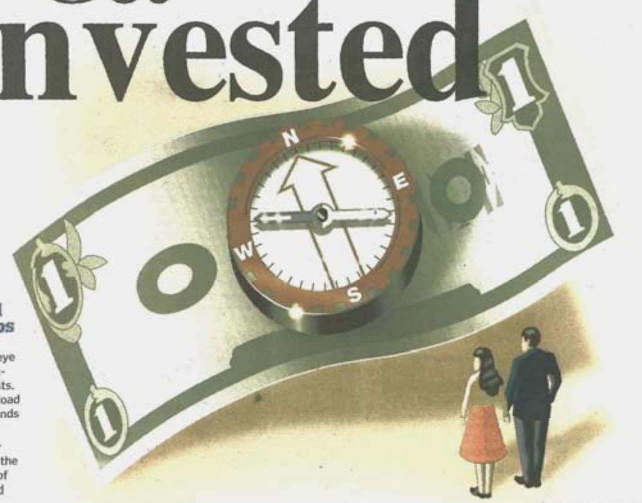
[Personal Finance]

Get Invested



Gannett News Service

Four mutual fund tips

1. Keep an eye on investment costs. Look for no-load funds and funds with low expense ratios.
2. Look at the record of the fund manager.
3. Consider index funds, such as those that mirror the performance of the Standard & Poor's 500.
4. If you're investing in a taxable account, look at the fund's tax efficiency and what type of capital gains distributions the fund passes out yearly.

Source: Bankrate.com

Know where your finances are headed

By Dave Burge
El Paso Times

If you're looking for ways to improve your investing skills in 2005, financial professionals and even fellow investors have plenty of advice for you.

"Be patient. Stick to businesses you understand and follow the cash flow," said Atticus Lowe, vice president of West Coast Asset Management Inc., based in Ventura, Calif.

Caron Cohen, a teacher at Hornedo Middle School, has her own words of wisdom to offer other investors.

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"The best advice my husband and I got when we started teaching was to invest early," she said. "It was like our second paycheck; we didn't even miss the money."

Investors should also do their homework, the schoolteacher said.

"Learn about it and don't just depend on the advice of someone else," Cohen said. "Read and ask questions."

Lowe's company, which manages stock investments for high-net-worth individuals, organizations and charities, recently released a list of 10 ways to be a better investor in 2005.

Suggestions include investing only in companies you understand, paying attention to a company's cash flow, looking at bal-

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10 STOCK TIPS

1. Invest in businesses you understand.
2. Pay attention to cash flow. Follow a company's cash flow as if you were monitoring your own finances. Look to invest in companies that have history of issuing dividends or repurchasing stock.
3. Look at the balance sheet. Companies that have tangible assets like real estate are a plus.
4. Understand competitive advantage. Look for companies that have great name recognition, patents or products that stand out from the competition.
5. Avoid companies that may get stuck with obsolete inventory.
6. Look for recurring revenues and companies that produce products that basically sell themselves.
7. Pay attention to high gasoline and natural gas prices and how fuel costs may impact profits.
8. Pay attention to company insiders who are buying or selling their own company stock. This can be an indication of where the business is headed.
9. Don't be afraid to sell. Waiting for a stock to get back to a certain price can be a costly mistake. Consider taking a tax loss and moving on. If you still like the company and its stock drops, consider buying more at the lower price.
10. Be patient. The stock market is not always rational or logical.

Source: West Coast Asset Management.

PERSONAL FINANCE

Invested

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ance sheets, understanding how some business have a competitive advantage over others and looking at high fuel prices and how that may affect commerce.

Investors need to do research and have a logical reason for what they're doing, Lowe said.

"Your eyes believe what you see; your ears believe others," Lowe said. "Follow your eyes and not your ears. Understand what you're doing. Don't do things because other people tell you to."

West Coast Asset Management oversees a portfolio of 10 to 15 stocks that are seen as the best opportunities in the market, Lowe said, and has clients in 10 states, including Texas.

Ron White, branch manager for Raymond James Financial Services in El Paso, said that Lowe's advice is sound but that not everyone has the time and expertise to follow the recommendations.

"How many people actually look at balance sheets?" White asked. "That's why a lot of people go to mutual funds."

Rob Ronin, an author, clinical psychologist and certified financial consultant in South Carolina, said Lowe's advice is more geared to "sophisticated investors" who have the time to do their own research.

"I would recommend avoiding individual stocks and buying mutual funds," Ronin said. "Individual stocks are far more volatile, and the expertise needed to identify and monitor individual stocks is much higher than the average investor has."

Among mutual funds, Ronin recommended buying an index fund that mirrors the performance of the Standard & Poor's 500.

Since 1926, the S&P 500 has averaged a yearly return of 10.7 percent, compared with the 5 to 7 percent that bonds typically earn, said Greg McBride, a senior financial analyst for Bankrate.com, a popular personal finances Web site.

Mutual funds offer a number of positives for the average investor, El Paso financial planner Raul Amaya said.

Mutual funds provide professional management, diversification, liquidity and a variety of categories and risk levels that investors can choose from, Amaya said.

"I think the most important thing is to educate yourself" about investing, he said.

Amaya suggested reading books and magazines about personal finances, watching television shows that are geared to money management and doing research on the Internet.

Another tool that the average investor can use is cost averaging.

Instead of jumping into the stock market or a mutual fund all at once, spread out the risk by investing a certain amount of money each month, McBride of Bankrate.com said.

A common way of doing this is by having $50 deducted from a savings or checking account each month and invested into a mutual fund of your choosing.

Investors should also know what they are paying their brokers for fees, commissions and other charges, McBride said.

"And invest early and often," McBride said. "Don't procrastinate. For young people, it's best to take advantage of time and start investing."

White, with Raymond James, said the key is to be patient.

"People get too caught up in the day-to-day market fluctuations," he said. "That can make you buy or sell at the wrong time. Emotion is the number 1 enemy of the investor."

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