Business

D

THE SANTA FE NEW MEXICAN

Tuesday

NOVEMBER 14, 2000

Market lows signal the time to buy

"What's up with my college money?" my daughter demanded. "What's the DL (translation: down low or explanation) on my stock account?" which showed one big fat whopping loss for the month of September.

I retorted, "When the going gets rough, some people get bummed, but no one ever said it was going to be easy."

After 14 years of living in affluence, she was not in the mood to visualize cutting back on her essentials, such as going out to eat at Harry's with her girlfriends on the drill team or dropping into Pranzo's for an early dinner to harass the busboys. She is used to expecting nothing but the best, so when the business media fretted about Home Depot's drop from 68 to 36 and IBM fell from 130 to 90, was she concerned? No way, because on the way to her Algebra II class, where they were using stock-market scorecards to learn about variables, she assured me that the market always goes up in November and December, especially after an election (whenever that might be).

For most of us, until last spring, it was easy to turn on CNBC or Bloomberg, dial up E-trade and presto, be an investment expert. The question is, has the great correction hit yet or is this just another small bump on the road to higher levels for the market? Unlikely as it may seem, this year's steep decline, especially in technology stocks, has given us a gift: The return of a smattering of humility to investors across the spectrum.

But here still is no great groan from individual investors

ROB RIKOON

Real Money

or the professional community, which will resound when blood really runs in the streets. When *Newsweek*, *Business Week*, *Forbes*, *Fortune*, Louis Ruckhauser and every newsletter warns us that the end has come, then we will know for sure that the market is about to turn up in earnest. Hey, it has been eight months of down, isn't that enough already?

In my opinion, we have not seen the great correction, even though favorite stocks like EMC, Sun Micro, and Intel have taken minor hits. Looking back, I still see an average annual return on technology stocks over the last five years of 26.5 percent. Remember, when long faces and grim expressions adorn the face of the people who think their office is the local stockbroker's lobby, it is time to buy.

Until this year, stock-market corrections have lasted at most about four months over the last decade. It is possible that our collective investing consciousness, which drives the markets, has assumed the typical attention span of my aforementioned teen-ager. There are some great companies selling at prices which make them great investment opportunities as well.

When making stock recom-

RIKOON

Continued from Page D-1

mendations, professionals must preface their remarks by reviewing clients' time horizons, risk-tolerance levels, diversification schema, etc. Given these caveats, here are four companies that I feel have a great potential: Network Appliances, Nokia, Enron and Frontier Airlines.

Network Appliance (NTAP) dominates the off-site data-storage business, which is crucial to businesses that rely on electronic archiving. Current demand for their services is 20 times the supply. NTAP's profit is expected to double every 18 months for the next five years. As with companies like EMC and Cisco, NTAP's management has to keep up with a daily onslaught of new ideas and competitors, and we think the management is up to the task. Network is a medium-sized company and it is a volatile stock, going up or down 50 percent or more six times so far this year. So if you buy this one, prepare for a roller-coaster ride.

Nokia, based in Finland, is five times the size of NTAP and is the pre-eminent producer of hand-held telecommunications devices. The stock doubled earlier this year but then was torpedoed by investor doubts that the market for cell phones will continue to grow at exponential rates. Soon, people will forget about cell phones and throw away desktop computers, as both will be replaced by a combined telephone/telfax/e-mail/television-networked computer monitor that will fit into your handbag. Nokia already has this product line coming out, and it will be in synch with new wireless technologies, not yet available to the general public. Earnings are growing at 18 percent per year, so watch the stock price of Nokia and if it drops below $40, pick some up for your kids. They might not recognize the name yet, but they will appreciate it as they head off to school with a Nokia personal communications device in their backpacks.

Next is Enron, which is the largest diversified natural-gas company in the United States. But it is its other businesses that make Enron very appealing to us. Enron is also the No. 1 buyer and seller of "wholesale electricity," power produced in one part of the country and then sold in another part of the country. This business is growing tremendously (more than 50 percent annually) and as California-style "brown-outs" spread eastward, you will want to own the company that decides who gets the precious juice flow. Enron has expanded its trading know-how into broadband services — buying and selling high-speed data capacity — and this business is starting to take off. We also respect Enron for their commitment to clean energy; in addition to its use of natural gas for power production, Enron is a world-wide leader in the wind-power industry through its Enron Wind subsidiary.

Finally, Frontier Airlines, "The Spirit of the West," is a regional low-cost airline based in Denver. Frontier serves 23 cities coast-to-coast with a fleet of Boeing 737s, much like Southwest, another of our core holdings. Frontier is benefiting from the shortcomings at United Airlines and others. While most airlines cannot seem to get travelers from point A to point B without delays, cancellations and impersonal service, Frontier delivers consistently, on time and with a smile. How rare! These efforts earned Frontier the "1999 Best Domestic Low-Fare Airline" distinction from *Entrepreneur Magazine*. Its financial performance has been outstanding, and Frontier has lots of room to expand. Frontier flies out of Albuquerque, and we recommend checking it out both as an investment and for flights.

I still do call my teen-ager on a conventional phone and in reality, she doesn't give one whit about stocks, but she will someday. The companies whose names are recommended above may be as prevalent in 2005 as IBM and TWA were in 1985. These days, no company can sit back and rest on its past accomplishments or assume name-brand recognition ensures good stock performance. Don't sit around waiting for yesterday's household names to regain their lost ground. This is a good time to start looking for tomorrow's market giants.

Rob Rikoon is chief executive officer of Rikoon-Carret Investment Advisors, 989-3581, now at 510 Don Gaspar across from the State Capitol. An educational roundtable discussion on "Investing Basics for Beginners" will be held Nov. 21 at 3:30 p.m. There is no charge, and the public is invited.