

"Bull market" of 1990s is on, investor says



Your Business
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Thomson News Service

Hang on to your stocks, folks, the market is about to charge ahead - or so John Templeton believes. As the dean of investment funds sees it, the great bull market of the 1990s has begun.

Mr. Templeton, founder of the Templeton Growth Fund and a legend in his own time, has a remarkable investment record. A person who invested \$10,000 in the fund back in 1954 would have \$1,391,976 in his pocket today. That's an average annual growth rate of 15.5 per cent, hard to beat.

While the fund did rather poorly in 1987, the year the market crashed, it bounced back in 1988, showing a gain of 9.85 per cent after deducting commission. An investor who bought in 1987 would have lost money that year.

With the market crash now a memory, the irreplaceable fund manager, now age 65, says that in the current bull market, stock prices could triple from their post-crash lows. That's what they did in the 1982-1987 bull market, he points out.

The Dow Jones industrial average could soar to 5,100, more than double where it is today, he predicts.

Strangely enough, Mr. Templeton is not alone in his bullish views. Ed Yardeni, director of economics for Prudential-Bache Securities in New York, thinks the Dow could hit 5,000 by 1993. Mr. Yardeni also has a good track record. Mind you, both of these gentlemen are in the business of selling stocks.

STILL GOOD ADVICE

But they're staking their reputations - and their clients' money - on being right. Other forecasters are skeptical.

What to do?

One thing not to do is borrow money to buy stocks, Mr. Templeton cautions. We would add that you should pay off your mortgage first as well.

Short term, stocks can be a bad

investment because of the market's ups and downs. People nearing retirement, or already retired, ought not to have the bulk of their savings in common stock. Interest- or dividend-bearing securities are much more suitable for those who rely on a regular income.

Another thing to think about is that the doomsayers may be right: we may be on the brink of financial disaster. The collapse of the world financial system would not be good for the stock market.

Indeed, we are not recommending that you buy stock. But if you do, think of it as a long-term investment, as Mr. Templeton advises. Be prepared to ride the market through its ups and downs, holding on for the long haul.

FUNDAMENTAL FUNDS

There are some terrific companies out there whose stock should do well in a bull market. But if you don't have a lot of money, you can spread your risk better by buying stock mutual funds. We are not pushing the Templeton Growth Fund, but it has become the measure against which other funds are measured.

It's a global fund, which means it can invest its money anywhere in the world, offering good diversity. Other global funds are for sale in Canada, as well as U.S. funds, Japan funds and so on. Some of the exotic closed-end funds that trade like stocks on the American Stock Exchange may also be worth considering. Given that many people believe the Canadian dollar will fall before long, it would be prudent to diversify your holdings.

One disadvantage of the Templeton Growth Fund is its big sales commission. Another, in some people's eyes, is that global funds are not eligible for registered retirement savings plans.

For information about fund performance, ask your stockbroker. Also, most banks, trust companies and insurance companies sell their own mutual funds through their branches.



Georgetown Co-op manager Eric Reid (right) and director John Lyons (centre) present Bennett Centre resident Bill Gibbs, 95, with "Right From the Start," a print commemorating the 75th anniversary of the Co-op.

Co-op is 75 years old

The board of directors and management of the Co-op presented a print to 95-year-old Bill Gibbs representing the residents of the Bennett Health Care Centre of the Georgetown and District Memorial Hospital July 10. The limited-edition print depicts a co-op mill scene about 1947 and commemorates the 75th anniversary of the Co-op movement in Ontario.

Georgetown Co-op Director John Lyons says the co-op board chose the retirement and extended-care centre because it serves both the rural and urban Georgetown community.

Georgetown Co-op started as Milton District Co-operative which changed its name to Halton Co-operative Supplies in 1952 and in 1966, merged with the United Co-operatives of Ontario (UCO). UCO's predecessor was the United

Farmers Co-operative Company, created in 1914 at a meeting of over 200 farmers eager for economic and social change.

UCO is today the largest farm supply and marketing co-operative in Ontario, with revenues last fiscal year of \$568 million. The Co-op provides a complete line of farm inputs, including feed, seed, fertilizer, agricultural chemicals, petroleum, and hardware across the province through its 91 Co-op sales and service centres and 82 Co-op retail outlets operated by its member co-operatives. It also

markets livestock and grain. UCO is owned by 49,000 individual members and 42 member Co-ops representing another 38,000 members.

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