

MONEYWISE

Information to guide your choices in managing money, investments and insurance. Advice on minimizing debt and planning for retirement and other major life events.

What they're buying: Pimco fund, Flowserve, Kimberly-Clark

Valley investment advisers offer several views on dealing with a directionless stock market.

Stephen Barnes

Barnes Investment Advisory, Phoenix

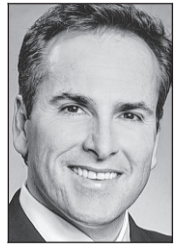


Barnes isn't excited about stocks with the economy still sluggish and views bond and gold prices as fairly expensive right now. "The reality is I'm not liking much of anything," Barnes said.

He suggests a portfolio of quality bonds, commodities and stock funds bought on dips, including Pimco Developing Local Markets (PLMDX), Vanguard Emerging Markets (VVO) and Market Vectors Agribusiness (MOO).

David Robinson

Robinson, Tigie, Sponcil & Associates, Phoenix



Robinson has gotten comfortable with the slow recovery. "The market can work its way higher in this type of environment, with continued low interest rates, a gradually improving employment picture and decent corporate profit growth," he said.

He's focusing on firms that can grow earnings by cutting costs and expanding revenue. He likes cyclical businesses, such as Flowserve (FLS), Intuit (INTU) and BHP Billiton (BHP).

Russ Biehl

Classic Investment Management, Scottsdale



Biehl worries that bond prices could suffer losses if interest rates rise. "I'm staying short-term and high-quality with fixed-income investments," he said.

One income fund Biehl likes is Pimco Enhanced Short Maturity (MINT).

He also suggests shares in solid companies that pay dividends such as Intel (INTC) and Kimberly-Clark (KMB).

— Russ Wiles

Experts disagree on gold-price rally

Some see investing in the metal as logical, while others say loading up unnecessary

By Russ Wiles

THE ARIZONA REPUBLIC

Gold prices have pushed above \$1,300 an ounce and are up roughly 20 percent so far in 2010. Is the rally justified or just another bubble forming?

Investment experts aren't in agreement.

"The premise for owning gold is logical," wrote Jack Ablin, chief investment officer at Harris Private Bank in Chicago. "Worried that the Federal Reserve is set to employ about \$1 trillion for quantitative easing, gold investors anticipate high monetary inflation."

Peter Morici, a business professor at the University of Maryland, cites inflation worries, the budget deficit, heavy issuance of government debt and the yawning U.S. trade deficit as factors pushing up gold.

"Global investors have little confidence in the management of the U.S. economy, and investors have taken refuge in gold," Morici wrote recently.

But David Robinson of Robinson, Tigie, Sponcil Private Wealth Management in Phoenix is wary about gold's rally.

"Clients have been calling and asking whether they should be owning gold," he said. "I tell



SETH WENIG/ASSOCIATED PRESS

Gold prices are up roughly 20 percent so far in 2010. Investment experts aren't in agreement on whether the rally is justified.

them to buy an (exchange-traded fund) that holds a basket of commodities, with gold being one."

Robinson agrees that commodities including gold can help to diversify a portfolio, but he doesn't see it necessary to load

up. He typically recommends that clients put about 2 to 3 percent of their assets in commodity funds. He also recommends similar stakes in funds that hold emerging-markets stocks, which he considers another good diversifier, and in TIPS or Treasury Inflation-Protected Securities.

Robinson's main gripe is that gold doesn't generate income or dividends likes stocks, bonds and most other assets. Nor does he view it as an especially good inflation hedge. People investing in gold today will depend on people buying it tomorrow for any returns, he noted.

But for the time being, gold investors are celebrating what has been a glittering year for the metal.

Despite slow recovery, stocks notch solid quarter

STOCKS

Continued from D1

couraged by the National Bureau of Economic Research's recent official announcement that the recession finally ended.

"The macro backdrop does seem improved when compared to one month ago," wrote Bob Doll, chief equity strategist at investment firm BlackRock, in a recent report. "Economic data has moved from 'bad' to 'less bad.'"

But at this stage, investors will take anything they can get.

"The stock market seems to be saying the economy will get better," said Russ Biehl of Classic Investment Management in Scottsdale.

But he adds the bond market is predicting the opposite, with some Treasury yields actually below where they were in March 2009.

Helped by the September rally, stocks generally outpaced bonds during the third quarter, and current low yields are causing some tough choices for fixed-income investors.

Arizona results

Arizona companies fared well in the stock market during the third quarter. The 41 public companies tracked by *The Arizona Republic* generated a median price gain of 15 percent from July through September. Here are the best and worst quarterly performers:

LEADERS
Amtech Systems, +115%
Freeport McMoRan, +44%
Amerco, +44%
Hypercom Corp., +40%
iMergent Inc., +35%

LAGGARDS
Capitol Bancorp, -11%
Star Buffet, -8%
Kona Grill, -6%
Mobile Mini, -6%
Grand Canyon University, -6%

Source: Morningstar Inc.

"People want more income to live on, but they might have to accept more risk to get it," said Allan Flader, a senior vice president of investments at RBC Wealth Management in Phoenix.

Will the recent stock-market rally have legs?

The answer could hinge on some of these issues:

The economy. The U.S. is officially out of recession, but expansion isn't happening fast enough to generate a lot of jobs. Second-quarter GDP growth came in at a mild 1.7 percent.

Corporate earnings. Many companies have posted strong profit results thanks largely to cost-cutting. But the year-over-year comparisons are getting tougher.

Midterm elections. A lot of congressional seats are up for grabs in early November, and the results will shape tax and other policies. Many investors would be happy with gridlock in Washington.

Inflation or deflation? The jury is still out on which way the economy will go, but a sharp swing in either direction would be worrisome.

— Russ Wiles

nix.

Flader is encouraging some clients to consider dividend-paying stocks and funds that hold them.

"As screwed up as the economy is and as worried as I am about revenue growth, the good thing is that corporations are lean, have a lot of cash on hand and frequently are paying nice dividends," he said.

For more aggressive investors,

Flader is encouraging many to look at stocks and funds in foreign markets, especially those in developing nations. Economic growth is likely to be higher than here, although he cautions that valuations in many foreign markets aren't cheap.

Professional money managers in general seem to like stocks better than bonds and foreign markets in particular.

In a survey of money manag-

ers by Russell Investments in late August and early September, 57 percent of the respondents viewed the stock market as undervalued against only 7 percent who considered it overvalued, with the rest neutral.

Those results marked more conviction for stocks "than at any point since the depths of the global credit crisis," said Mark Eibel, director of client investment strategies at Russell Investments in Tacoma, Wash.

Money managers generally expect business spending to pick up and push the economy along over the next 12 months. Only 9 percent of the managers surveyed didn't see the economy expanding over that time frame.

In coming months, investors will be looking for signs of further economic strength while trying to make sense of the election implications. Only time will tell whether the recent optimism for stocks is justified or off the mark.

Reach the reporter at russ.wiles@arizonarepublic.com.

VALLEY & STATE

Network buys firm's telemedicine carts

A Scottsdale company announced it will supply a Department of Veterans Affairs health network in the Pacific Northwest with 35 of its mobile telemedicine carts.

GlobalMedia said the carts were ordered by the Veterans Integrated Service Network 20, which serves VA patients in Washington, Oregon, Idaho and Alaska. They will be used in speech pathology, primary care and educational settings at community-based outpatient clinics and at VA medical centers.

The equipment in outpatient clinics will enable veterans to receive health care closer to their homes, without having to travel to Portland and White City, Ore., Seattle and Walla Walla, Wash., for appointments.

Many of the carts will be equipped with examination cameras, image automation software, and stethoscopes.

VISN 20 officials chose a number of cart configurations with viewing screens of different sizes for the various uses.

www.globalmedia.com

Diversity promoted for non-profit boards

The Arts & Business Council of Greater Phoenix is targeting members of the Valley's diverse communities for a training program for potential board members for non-profit organizations.

Funding from American Express and the Arizona Lottery has enabled the organization to offer 90 scholarships to its Business on Board leadership training program.

The Arts & Business Council aims to award scholarships to 15 individuals each from the Valley's Asian, Hispanic, Black/African American, Native American, Caucasian and gay, lesbian, bisexual and transgender communities.

The program hopes to expand the diversity and the available pool of candidates for service on boards of the Valley's non-profit human services and arts and cultural organizations.

Participants must attend one of four networking events to be held this month. For details, phone 602-234-4711 or visit www.artsbusinessphoenix.org.

— Staff reports

2 Arizona business schools rank on top-25 list

SCHOOLS

Continued from D1

nal's survey in 2008.

This week's news, however, helps the W.P. Carey School share its success with a wider audience, Walker said.

"Every year we are get-

ting better and delivering more value to students," she said.

University of Pennsylvania's Wharton School of Business took the top spot.

Washington University's Olin Business School in St. Louis was No. 2, University of Southern Califor-

nia's Marshall School of Business and Northwestern University's Kellogg School of Management ranked fourth and fifth respectively.

The *Wall Street Journal* ranked programs that offer executive master of business administration

degrees. Schools are ranked in three areas: how a school scored in a survey of its recent graduates, how it was rated by companies familiar with executive MBA programs and how well it teaches management and leadership skills.

Semiconductor maker to bring 80 jobs

RECTIFIER

Continued from D1

said.

For that reason, Khaykin said many in the semiconductor industry are finding Arizona, which is more affordable, an ideal location to expand their operations.

International Rectifier was founded in 1947 in Los Angeles to make rectifiers, devices that convert alternating current to direct current. It has since branched out into other products that enable power systems to be more energy efficient.

Its products are used in airplanes, lights, cameras, cellphones, laptops, cars and trucks, and other applications.

The company has about 4,500 employees in California, Arizona, Mexico,

Europe and Asia.

International Rectifier is leasing about 25,000 square feet in the Price Corridor light-industrial area of western Chandler that is anchored by several Intel fabrication plants.

Khaykin became familiar with Chandler and the corridor when he worked for Amkor Technology Inc., which has its headquarters in the Price Corridor. He worked for about five years there and spent his last two years as chief operating officer before leaving in February 2008 to join International Rectifier.

Khaykin said expansion plans will depend on the health of the economy. The company plans to have its offices open around the end of the year.

For the 2009-10 fiscal year, International Recti-

fier reported net income of \$80.8 million, compared with a loss of \$247 million a year earlier.

"The last 28 months has been phenomenal," he

said.

Reach the reporter at betty.beard@arizonarepublic.com or 602-444-8667.

