

# BUSINESS

## When To Revamp Your Fund Portfolio

BOSTON (Reuter) - Once you have chosen a portfolio of mutual funds to meet your future goals, it would be nice to flip a cruise-control switch and let the fund managers take over. But even the most passive investors should make periodic adjustments to their fund holdings.

As a rule, such changes should not be dictated by fluctuations in the financial markets, however. Instead, they should be linked to the rhythms of your life.

As time passes, your financial goals will change and so will your ability to tolerate certain types of investment risk.

There will also be times when you take on new financial burdens, and your portfolio

should reflect them.

For example, you might become responsible for an elderly parent in financial trouble at a time when you are saving for other long-term goals. Or you might decide that you want to change your career and accept a salary cut that will disrupt some of your investment plans.

In short, things change. Your fund strategy should be flexible enough to adapt to such changes as they happen, and to meet sometimes conflicting financial goals over time.

When you are starting your career, for example, you may be hard-pressed simply to meet the expenses of running a household. At the same time, you'll want to save for some short-term goals such as a

downpayment on your first home, or the expenses of starting a family.

That money can go into money market funds that hold stable, cash investments, such as Fidelity Cash Reserves (no load; 800-544-8888; \$2,500 minimum investment). Or you could choose funds that buy short-term bonds, such as Vanguard F/I Short-Term Corporate (no load; 800-662-7447; \$3,000 minimum investment).

Still, financial planners and other experts insist that if you can get a headstart on saving for long-term goals such as retirement or children's college costs, you will be far better off. So you might be able to squeeze a little money out of your budget

to invest toward those objectives.

At this point, you may only have enough money to put in one fund, so it makes sense to choose one that is well diversified among the different sectors of the stock market. One solid

choice: T. Rowe Price Spectrum Growth (no load; \$2,500 minimum; 800-638-5660) which spreads its assets among six TRP growth, growth-and-income and international equity funds.

Another alternative is to

invest some money in even more aggressive funds. When you're young, you can afford to ride out wild swings in the financial markets, though only with savings that are truly for the long term.

## Buying Power Rises Among African Americans

The buying power of African Americans has gone up 40.5 percent since 1990 and will reach \$427 billion by 1996, says a study that seeks to highlight the growing importance of black consumers.

The sum works out to \$12,708 of disposable personal income — or what's left after taxes — for each of the nation's 33.6 million African Americans, according to the study by the Selig Center for Economic Growth at the University of Georgia's Terry College of Business.

But the figures represent only 7.8 percent of the nation's total spending power of \$5.5 trillion. Subtract the totals for African Americans and each of the remaining 232.5 million U.S. residents has \$21,819 to spend.

The author of the study, Jeffrey Humphreys, director of economic forecasting for the Selig Center, said the gap could be expressed another way. On average, African Americans' per-

capita buying power is about 61 cents of each dollar available to whites. It's higher in Pennsylvania and New Jersey, 65 and 62 cents, respectively; highest in New Hampshire, 79 cents, and lowest in Florida, where blacks' per-capita average is only about 51 cents of each dollar.

While acknowledging the disparity, Humphreys said the study's purpose was to show how diverse the U.S. marketplace has become.

"We've been doing these studies for a number of years," Humphreys said in a telephone interview from Athens, Ga. "We started it after getting requests from businesspeople who wanted to know the economic power in the black community."

It is projected that African Americans in New York will have \$50.8 billion to spend in 1996, more than in any other state. New Jersey was ninth with \$19 billion. Pennsylvania ranked 14th with \$16 billion in black spending

power.

But when it came to concentrated spending power, no area could match the District of Columbia, where African American consumers account for 42.6 percent of the district's total buying power.

Mississippi was a distant second at 19.1 percent. New Jersey and Pennsylvania were in the middle of the pack, according to the study.

"States like Mississippi have a high proportion of black consumers in relation to the total," Humphreys said. "This makes them easier to reach."

Only Georgia made the top 10 in all three of the study's primary categories: fastest growth in black buying power, biggest concentration of blacks, and largest black market. Humphreys said Georgia's success is propelled by the economic revolution taking place in Atlanta, a city he called the strongest black market in the nation.

## FINANCIAL REPORT

# High Dow Signals Time To Evaluate Portfolio

By Fred T. Snyder

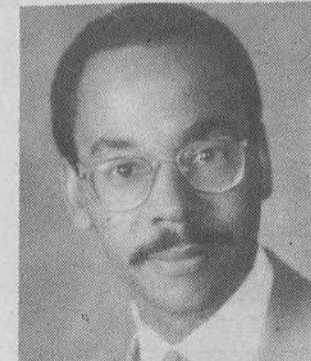
Ever since the Dow Jones Industrial Average eclipsed the 4,000 mark on February 23, 1995, many experts told investors to expect a dramatic downturn in the market. Well, they were right about the dramatic change, except it was a change for the better than for the worse. Now, several months later, the Dow has surpassed 4,500, and it shows no immediate signs of slowing down. So what does all this mean for you? It could mean that it's time to take a long look at your investment portfolio. Consider these ideas as you reevaluate your investments:

—Selling and repositioning stocks. If you own stocks that have reached your price target or feel you may have too many stocks in a certain sector, now may be the time to do some careful rebalancing. You may want to sell holdings in sectors that may have reached a peak and look for buy opportunities in groups that may be undervalued at current price levels or have not yet participated in the market's advance.

—Adding to your mutual fund position. You probably invested in your mutual fund to help meet

one of several investment objectives: retirement savings, your children's college tuition, buying a house, etc. And like the Dow, many mutual funds have also experienced impressive returns lately. If you're pleased with your fund's results, you may want to make additional contributions to that fund. Although past performance cannot guarantee future results, mutual funds can provide valuable diversity, which could help soften the blow when some stocks fall out of favor.

—Dollar cost averaging. In a time when you may wonder if the market is too high to invest, consider dollar cost averaging. Dollar cost averaging simply means that you invest the same amount of money each month into a particular investment, such as stocks, bonds or mutual funds. If prices fall, you purchase more shares, and if prices rise, you purchase fewer shares, which lowers your average cost per share. This proven method can also give you the discipline to invest strategy, it can neither guarantee profits nor avoid losses, so take your emotional and financial abilities into consideration, especially during low price levels, since this



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investment strategy requires patience and a long-term mindset.

—Tax-saving strategies. Since it's always a good time to think about tax-savings strategies, you may want to close out some investments to gain tax breaks that can offset certain gains you've made throughout the year. Your tax advisor can provide further details about this strategy. Although nobody can guarantee whether the market will continue to climb, these are just some of the ways in which you can give yourself both profit-taking benefits and risk-reducing opportunities.

A professional investment broker can provide valuable insight on how these ideas may work for your portfolio as we watch to see where the Dow goes next.

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