

# Defensive stocks can help your portfolio score big

Special to Sentinel-Voice

In a sometimes turbulent market, many investors look to diversify their portfolios with stocks that other investors might consider boring. But if diversification and relative stability are among your financial goals, you might want to consider getting defensive by investing in defensive stocks. Defensive stocks are those that historically have maintained stable earnings throughout various market and economic cycles.

While these so-called boring stocks may seem to lack the sizzle of other types of stocks, they generally can provide stability to your stock portfolio, and if you think defensive stocks are only worthwhile during down or unstable markets, consider this: In a USA Today poll of last year's performance of industry sectors, the average gain of the S & P drug industry, food industry and electric utility industry outperformed the S & P 500 (an index of 500 widely-held stocks) by about 23%.

While past performance is no guarantee of future results, a quick overview of some of the defensive stock categories may give you a better idea of how to help manage risk without sacrificing performance.

- **Pharmaceuticals.** As a key characteristic and benefit, defensive stocks typically react with less volatility to market fluctuations than most other stocks because they provide goods or services that are always in demand. Drugs, for instance, are in

## Financial Report

By Fred T. Snyder



constant demand in the consumer market.

Though past performance cannot guarantee future results, pharmaceutical companies like Pfizer and Schering-Plough typically have provided steady earnings growth and posted stable dividends for their shareholders.

- **Consumer Nondurables.** All of us need to eat, drink and bathe, so the laws of supply and demand come into play with companies in this sector. The consumer nondurables sector includes soft drinks, housewares, cosmetics and grocery store issues among other day-to-day goods and services.

Companies in this industry make soda, cereal, shampoo,

soap, deodorant, toothpaste and toilet paper, products which are needed and purchased year-round. Coca-Cola and Gillette are high-profile examples of defensive stocks in this sector. With historically consistent yields, earnings per share and stable dividends, some consumer nondurable companies may look appealing to many stock investors.

- **Utilities.** The utility industry has undergone some changes since electric utility deregulation, but this defensive stock category has remained steady in market action. The utility industry finished off the year with a solid gain of nearly 20%. An income sector, utilities have historically issued consistent dividends to shareholders. Many stock experts expect the utility industry to do well in the future, considering the ongoing need for electricity, water, gas and telephones.

While pharmaceuticals, consumer nondurables and utilities may not be as exciting as technology stocks, they have often proven their worth in a sometimes volatile market. Many times, defensive stocks are widely-known brand names that offer many of the products and services in your home.

As you should with any stock, make sure that the stock meets your investment objectives and time horizon. That way, you can better determine how defensive you want to be with your stocks.

This article was provided by A. G. Edwards & Sons, Inc., member SIPC, Fred T. Snyder/investment broker.

## Ex-consultant says GM destroyed his career

By Linn Washington, Jr.  
Special to Sentinel-Voice

A former GM consultant last week said he is not surprised by GM's inability to address escalating criticisms surrounding allegations of discriminatory conduct in its Minority Dealer Development Program.

Philadelphia native Jack Borman, a former consultant for the program, said GM officials canceled his consulting contracts because he tried to help minority dealers take advantage of their rights under this program, implemented to increase GM's minority dealer population.

"There is absolutely no question in my mind that my destruction is the result of my making suggestions to improve the program," said Borman, who has worked in various

aspects of the auto industry since 1973.

Borman's principal task was providing minority dealers with hands-on expertise in operating their dealerships.

"There are mid-level GM officials who are hostile to the program," he said. "They think it is wrong to give breaks to minorities. I saw GM put (Black) dealers out of business."

Borman said in 1993 GM paid him to do an extensive report on improvements required for the Minority Program, but once he completed the report, GM officials "never looked at it."

Borman's comments about GM's Minority Program come at a time when frustrated Black dealers and their supporters are calling on GM Board Chairman John F. Smith to salvage the

initiative.

"Being the largest corporation in the world, GM wields enormous power and has used that power in intimidating ways in attempting to cover up the shameful acts of an unscrupulous and racist faction within its management structure," stated a March 28 letter to Smith from Richard Wallace, a spokesman for the network of Black dealers, ex-dealers and Black GM executives seeking changes in the program. Smith could not be reached for comment on the letter.

Members of the minority dealer network are disillusioned with an audit agreed to last summer by Smith, at the behest of civil rights leader Jesse Jackson. And questionable conduct

allegedly committed last month by Doris Davenport, a top aide to Jackson and Weldon Latham, the prominent Washington, D.C. attorney hired by Jackson's Rainbow/PUSH group to audit the program, has aggravated dealer owners.

"If left unresolved, this current controversy has the potential of seriously tainting ... GM and most importantly you," stated a letter from Wallace to Jackson.

Davenport has resigned from Rainbow/PUSH and the Alabama Bar Association has reportedly asked the Washington D.C. Bar to investigate charges of unethical conduct leveled against Latham by attorneys of a Black former GM dealer in Tuskegee, Ala. Latham denies the charges.

## Council

(Continued from Page 1)

that border it. He said the improvements were necessary to protect young children from speeding traffic.

Next, he asked for a playground, but later decided that would not be enough; he figured the children needed a safe indoor retreat; he contacted the housing authority about building a community center and kept after them until his dream came to fruition. And now the community center provides structured activities and free meals for some 2,000 young people. The food is donated.

An experienced athlete boxing and martial arts coach, he is now seeking \$2.5 million to buy land for a sports training center. The facility would house a gym, classrooms for a bevy of disciplines and kitchens.



Sentinel-Voice photo by Ramon Savoy

Keeping peace at the new Vera Johnson "A" community center Doc Broadus, president of the resident council, seated left, Doris Clay, vice president, and Beatriz Rubio, standing.

Broadus envisions the sports training center as a refuge for at-risk children. There, he said, they spend the whole day, eat three square meals and receive guidance. "Kids are looking for somebody to take an interest in them," he said.

Since the housing authority

is backing his plan, he said he will seek federal funding and ask the Bureau of Land Management for some land. He said Morrissey Construction has offered to build from the blueprint at 10 percent below cost.

Broadus earnestly wants residents to take an active stake

in improving their lives.

He said he favors moving able-bodied residents off the dole and cited welfare reform in Baltimore where the children were removed from their homes and parents were kicked out of public housing, as a possible course of action. Those who are salvageable need more basic education in math and literacy skills, and some job training, he said.

Broadus said he doesn't have an ax to grind with the housing authority, but questioned the superior ratings it got in the Department of Housing and Urban Development's yearly review.

"No one ever came to inspect Vera Johnson A," he says. "The inspectors don't visit every facility."

Broadus plans to announce his candidacy for Las Vegas City Councilman in July.

## Recall

(Continued from Page 1)

in the recall effort don't live in her district.

"It is unfortunate that people will allow themselves to be manipulated and used as pawns," she said. "Adelson could give a hoot about this community."

The County Commissioner Chair does plan to seek reelection in spite of the results of the recall.

Tiffany Bennion, wife of the group's chairman Charles Bennion and District D resident, said she probably voted for Atkinson Gates in the last election.

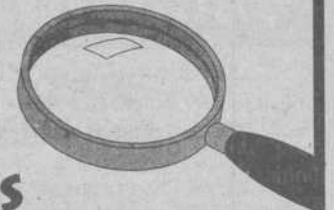
"We feel she has not made good judgment on the choices she has made," the 26-year-old mother of two said. "We feel it necessary to take action to uphold a certain level of honesty and integrity in our local politicians."

Bennion said the recall effort isn't personal but necessary because Atkinson Gates flouted her authority by using her position to push her financial endeavors.

So far, the group has 1,500 signatures. "We are confident we will get the rest," Tiffany Bennion said.

When asked whether the group would still be politically active after the recall, she said, "We plan on staying organized and not falling into the woodworks."

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