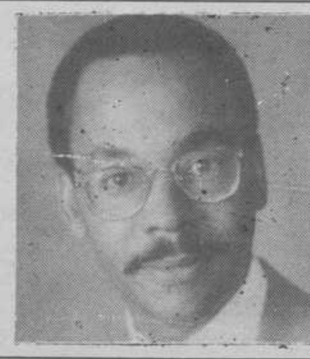
## BUSINESS

# Consider sector investing for portfolio diversification

*Special to Sentinel-Voice*

**Financial Report**

*By Fred T. Snyder*



Diversify! Diversify! Diversify! One of the easiest ways to help manage risk in your long-term investments is to make sure that your portfolio is appropriately diversified.

To do so, you might consider investing by sectors while you are reviewing your investment strategy and your stock investments. A sector is a group of similar industries within the economy. For example, stocks of utility companies — water, electric and gas — might be grouped into a sector.

Understanding the sector make-up of your investments can help you construct a well-diversified portfolio. Stocks within a sector often react similarly to changes in the economy or market. Some sectors react positively to increasing inflation while others do not, some suffer from interest rate fluctuations, while other sectors can benefit during such changes.

You can potentially reduce your portfolio's risk level by owning a variety of stocks in several different sectors, preferably those with counterbalancing characteristics.

For example, if you own stocks that are related to the economic cycle, like transportation companies, you should also consider investing in stocks, like food service companies, which are influenced primarily by consumer demand.

In your quest for a diversified portfolio, there are a few alternatives that allow you to invest in specific sectors, including:

• **Individual Stocks.** One sound approach to building a diversified portfolio is to purchase shares of individual stocks from companies in different sectors. In order to properly diversify your portfolio, however, you will need sufficient funds to use this approach. Typically, owning stocks diversification.

• **Sector Mutual Funds.** For a convenient, economical approach to sector investing, you might try buying sector mutual funds that invest in specific industries such as telecommunications or healthcare. Requiring less of an initial investment, this alternative gives you the added benefit of professional management.

• **Sector Unit Trust.** Like sector mutual funds, some unit trusts concentrate on specific sectors and present an opportunity to invest in a pool of stocks from different sectors for a small minimum investment. A unit trust portfolio also has the benefit of professional managers, like sector mutual funds. However, unlike mutual funds, a unit trust portfolio has a maturity date and a "fixed" array of investments. This means the portfolio manager decides what to include in the portfolio, and then generally "buys and holds" instead of actively trading the securities. Remember that mutual funds and unit trusts are sold by prospectus only, which contains more complete information including charges and expenses. Please read the prospectus carefully before investing in one of these alternatives.

Accomplishing the goal of a well-diversified portfolio can be a long process depending upon your needs and available investment dollars. Using the "sectors" approach to investing, rather than randomly picking "hot" stocks, can help you accomplish your goal of diversification.

By using one of the alternatives mentioned above, you can potentially reduce risk in your portfolio and, at the same time, position yourself to take advantage of a particular sector's return potential during certain economic climates.

Your investment professional can provide more details on how you can make the concepts of "sectors" and "diversification" ongoing parts of your investment strategy.

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

# Roy Clay: An innovator for the new millennium

*By John William Templeton*
*Special to Sentinel-Voice*

A venture industry innovator reception marked the opening of the exhibition, "Turning the Century: African-American Innovators in the New Millennium and at the Dawn of the Industrial Age" in San Jose, Calif. recently.

Honorary co-chairs of the event were Jay T. Harris, publisher of the *San Jose Mercury News*; W. Don Cornwell, chairman/CEO of Granite Broadcasting, which is owner of KNTV-11 in San Jose, and Kaoru Noguchi, chairman of Centerex Inc.

The special honoree for the evening was Roy Clay, chairman of Rod-L Electronics, which makes the only Underwriters Laboratories certified high pot test equipment for consumer electronics.

As head of computer R&D for Hewlett-Packard in the early 1960s and as a consultant to major venture capitalists, Clay helped "green light" some of Silicon Valley's largest companies.

Ironically, a major aircraft company in St. Louis told Clay, a mathematics graduate of St. Louis University, that it had "no jobs for professional Negroes" in 1951. Five years later, he was programming the company's first computer.

In 1958, he undertook similar work at Lawrence Livermore Laboratories. By 1961, Clay headed Control Data's programming language development and four years later, he became the first manager of H-P's computer development, working closely with Tom Perkins, later to found the Kleiner Perkins Caufield and Byers venture capital firm.

Clay's staff built the first "fault-tolerant" computer system, now a backbone of most worldwide service and financial applications. After leaving H-P in 1971, and before he launched Rod-L Electronics, Clay provided technical evaluation that helped venture managers decide where to place their investments.

The stories of Clay and 40 other contemporary and 19th century pioneers are displayed in the interactive exhibit which remains at the museum through June 5 and will be presented on the world wide web and in book form to 4,250 schools nationally. The latter is a result of an initiative by Books 'n' Bytes to connect predominately African-American grade schools to the Internet.

Proceeds from the event will help support that work, headquartered at the Center for African and African-American Art and Culture (www.caaaac.org) in San Francisco.

YOUR MONEY & YOU

# Welfare recipients may own certain assets

*Special to Sentinel-Voice*

Q: I am a widow with a middle-aged son in poor health. He's on welfare. I would like to provide for him after I pass on. All I have is a small bank account for which he is co-signor, and some certificates of deposit. How can I leave him my estate without disqualifying him for welfare?

Hollywood, Fla.

A. A person receiving Supplemental Security Income, or welfare, may own assets up to $2,000 (plus certain exclusions, including a home, personal effects and an automobile). If you list your son as joint owner with right of survivorship of your CD's, he will receive the money after your death. At that time, he could buy an annuity paying a lifetime income to take the place of welfare payments.

Q: My brother-in-law says I can write up a will for myself, date it, have it notarized and it will be legal. Is this true or not? Assuming it is legal, can I change it later?

Green Valley, Ariz.

A: Your questions have to do with legality of a holographic, or handwritten will. In most states, a will that you write in ink with your own hand is valid.

Be specific about your bequests. Sign and date the document. You need not have it witnessed or notarized. If *(See Money, Page 16)*