



# Money

SECTION B

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## Finding 'great stocks' requires investor to do homework

By Kerry Hannon  
Special for USA TODAY

We learn from hearing other people's stories. In *Big Money: Seven Steps to Picking Great Stocks and Finding Financial Security*, Frederick Kobrick's confidence and insight, honed from more than three decades as a leading mutual fund manager and investor, make his stories worth a good listen.

There are countless books on how to pick stocks, but Kobrick does more than tell you how to read an income statement or figure a price-earnings ratio. He tells you how he did it and shows specific companies in which he invested — successes and failures.

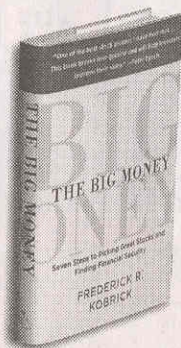
His results speak for themselves. During his tenure at Wellington Management, State Street Research & Management and his own Kobrick Capital, his funds consistently made the lists of best-performing funds.

In *Big Money*, he revisits meetings with top executives and recounts how he evaluated potential at Home Depot, Dell and Cisco, as well as less-known names, such as Molex, a maker of electrical connectors. It's a voice of experience

and patience, not chest thumping.

"There are no cookie-cutter formulas," he writes.

This is a book for sober investors not looking for a quick hit or a recipe for trading stocks to retire rich.



### Money bookshelf

#### The Big Money: Seven Steps to Picking Great Stocks and Finding Financial Security

By Frederick R. Kobrick  
Simon & Schuster, 309 pages,  
\$27

Kobrick emphatically states: "I do feel that most people should have the bulk of their retirement money in mutual funds or with financial advisers or both, so that they are not burdened with managing their retirement account."

His message is to add to all that by owning or concentrating on a few stocks — or even to try to become rich on just one stock.

Since computers arrived on desktops in the early to mid-1980s, investing has not improved, he contends. "For most people, information overload actually has made it much tougher to pick stocks. People lack focus and the secret of what to look for."

Kobrick's system is to focus on a

company's four critical factors: business model, assumptions, strategy and management.

Many investors fail because they simply don't do their homework. He urges investors to read company reports. "You will find that the better the company, the more specific its goals," he writes.

"If you want to buy early (and even if you buy in later), look for a clear, easy-to-understand business model in a prospectus or annual report. Look for the management's objectives and see that they are clearly stated. And, finally, look to see if the company consistently comes back in its releases and tells you how it is doing."

While each factor is critical, one

stands out. "Picking winning management means picking winning stocks," he writes.

Read everything you can find about a company's top management, he advises. "I mean not just business writings, but general stuff that can tell you who is a great leader or who could have the characteristics to become a great leader.

"Style, handling past failures and accomplishments, and a way of thinking all contribute to how somebody excels."



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