

# Today's Investor

By THOMAS E. OHARA

Chairman, Board of Trustees  
National Association of Investment Clubs

Q—I'm always attracted to a company that splits its stock. Recently, though, I read an article that says stock splits are wrong and a disservice to the company and to the shareholders in particular.

A—I didn't see the article you mention. My own convictions are that stock splits are wrong and a disservice to the company and to the shareholders in particular. I receive a number of requests for names of companies that are about to split their stock. Apparently on the theory that a stock split is an increase in the stock's price. Prospective investors should understand that the mere act of splitting the shares does not have any effect on the basic value of the stock itself.

On the other hand, it should be pointed out that the splitting of a stock does attract investor attention and probably puts it into the price range of more people. I can see nothing wrong with such a move which might broaden the ownership of the company.

A good argument in favor of stock splits can be made in the case of such firms as IBM, for instance. If IBM had never had stock splits, a share bought in 1946 would now be priced at more than \$3,000. The result of this would be that there would

not be nearly as many people who could afford to own IBM shares.

"Nothing wrong with that," you might say, and to a point, you would be right. However, it would seriously affect the marketability of the stock. Suppose someone who bought 100 shares of IBM in 1946 now wanted to sell them; he might have to look long and hard for a customer who could pay such a price. The result would be harmful for the owner—and the stock market positions don't want to work out kind of a hardship on their shareholders.

Stock splits also have another effect: they alert the public to the fact that the company's question has improved earnings to the extent of causing the stock price to rise. Few companies, if any, sell their stock when they expect earnings to go down.

Q—I own a Toledo, Cincinnati and St. Louis gold bond. Does it have any value?

A—When you have a security of a company apparently no longer in existence, I suggest that you write to the bank listed on the certificate as registrar or transfer agent. Or you could write to the security administrator in the state in which the firm was incorporated.

Q—I asked my broker about

## no-load funds. He said load funds are better. Where can I see the reports on both?

A—Better for whom? Whether a load or a no-load fund is the better to invest in depends entirely upon the performance of the particular funds in question. Buying a fund is like buying a stock. There are funds which have done well and ones which have done poorly. The only way to find out whether a given fund has done well or not is to study its performance over a period of time. It will give you an indication of what you may expect.

I compliment you for wanting to see for yourself. Once a year Arthur Wiesenberger publishes a book reporting on all major mutual fund (load and no-load) performances. Forbes Magazine does much the same thing annually in a Mid-August issue. Either one, if you can't find the other, can be most helpful.

Have you a question about investing? Mr. O'Hara, editor of the monthly magazine, "Better Investing," and one of the nation's recognized authorities, will answer as many as possible in his column, but must limit questions to those of more general interest. Correspondents will receive a free copy of "Better I-

## Bell Installs MSOC System

The heart of the telephone business is the service order. All the activities necessary to the customer's request for service are handled from that order. Seeing that customers get service as quickly and efficiently as possible is the basis of our business. A way to do just that went into operation at Southern Bell Telephone Company in Gastonia on July 10, 1972, according to R. B. Adams, manager.

The Mechanized Service Order Communication system (MSOC) will provide a more completely integrated service order handling and distribution system. To do this, MSOC is using Computerized Display Controls (CDC) a service order computer which will handle the "1600" service order required teletypewriter network for distribution.

A sales representative in the business office to place his order for telephone service. The service representative writes up the customer's request and forwards it and the old customer record (if there is one) to the MSOC Group.

## Footo Sales Are Down

Exton, Pa. — Footo Mineral Company today reported net sales of \$45,418,235 for the first six months of 1972 compared with net sales of \$54,874,211 during the comparable period of 1971.

Net earnings for the 1972 half were \$453,517 compared with the \$2,400,027 reported for the same period of 1971. After provision for the pro-rata dividend requirement on the Company's preferred stock, there were no earnings in the first half of 1972 available to common stock compared with 48¢ per common share in the first half of 1971.

When all this information has been processed, the installer actually installs the service for the customer.

After the phone has been installed, the completion information is passed to the MSOC Group where it is checked for accuracy. Using the CDC, the MSOC Group takes the original order from the computer, adds the necessary completion information and

## Footo Sales Are Down

the first half of 1972 reflect lower operating rates in the specialty steel industry as compared with the same period in 1971 when the steel mills were operating at high levels in anticipation of a strike. However, there is an improvement compared to the second half of 1971 when the Company suffered operating losses on reduced sales volumes.

During the second quarter of 1972 net sales were \$23,741,222 compared with \$23,552,080 in the

1971 period. Net earnings were \$236,254 in the 1972 second quarter compared with \$1,179,081 in 1971. There were no common earnings in the second quarter of 1972 compared with 33¢ in 1971.

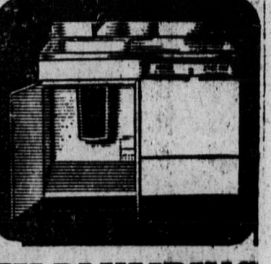
The Company noted that it expects the level of sales to increase during the balance of the year, particularly to its steel related customer.

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**BABY FOOD** . . . 4-oz. JAR 10¢

**TOMATO SOUP** . . . 10-1/2-oz. CAN 10¢

**GELATINES** . . . . . 3-oz. PKG. 10¢

**DINNER ROLLS** . . . 4 10-oz. PKGS. \$1.00

**CATSUP** . . . . . 4 14-oz. BTL. \$1.00

**FRUIT DRINKS** . . . 3 46-oz. CANS \$1.00

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**Chicken** . . . . . 2-LB. PKG. 99¢

**Dinners** . . . . . 3 11-oz. PKGS. \$1.00

**Beef Sirloin** . . . 16-oz. PKG. 99¢

**EGGS** . . . 2 DOZEN 89¢

**SUGAR** . . . 5 LB. BAG 39¢

**BREAD** . . . 4 1 1/2-LB. LOAVES 99¢

**COFFEE** . . . 1-LB. CAN 59¢

**MILK** . . . 3 13-oz. CANS 49¢

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One way to possibly avoid this unpleasantness is to follow some common sense rules—don't wait until the last minute to get ready, don't drive too far each day, stop and stretch your legs and don't over-eat while traveling. It might also be a good idea to stop by and let us recommend something to take along in case the problem comes up despite your efforts to avoid it.

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