

Donald White

Examiner Financial Editor



The Portfolio at Fireman's Fund

LIKE ANY OTHER wise investor, Fireman's Fund Insurance Co. doesn't buy stocks and bonds for its portfolio and then forget about them.

Few investors can afford to do that and particularly the big fire, casualty and life insurance company which has depended on its income from its portfolio to keep it in the black for the past several years.

Fireman's Fund is making changes continually in its portfolio. Some of the changes are subtle ones; others constitute major investment decisions.



REID DENNIS
Some changes made

In the recently printed supplement to its annual report, the insurance company shows that as of Dec. 31, it owned common stocks with a market value of \$340.5 million, constituting 36.8 percent of the portfolio's total value. During last year, under the guidance of Reid Dennis, vice president in charge of investments, Fireman's Fund lightened its portfolio cash supply, dropping it from 3.3 percent of the total at the end of 1963 to 2 percent at the end of 1964.

That doesn't sound like much of a percentage change but in light of Fireman's Fund's massive portfolio it means a drop from \$30 million to \$19.1 million during the year.

Dennis made some interesting changes in the company's holding of common stocks, dropping some well known names completely from the list and adding others.

The largest single purchase made during 1964 was 30,000 shares of Consolidation Coal for \$1,696,000. This was a new name to the Fund's portfolio. Consolidation has a heavy holding in Chrysler stock, giving it a touch of glamor, but that isn't the reason it was bought. The coal company stock was bought on the basis of a good past performance and the expectation of more of the same, if not better, in the years ahead.

Fireman's Fund's next largest purchase was 2,625 shares of IBM for \$1,120,000, bringing total holdings of IBM to 8,500 with a market value of \$3,485,000 on Dec. 31. Dennis liked the looks of General American Transportation and bought another 11,800 shares for \$930,000 to round out the holdings to an even 30,000 shares.

Other big block purchases during the year were 10,000 shares of Phelps Dodge for \$718,000, and 12,800 shares of Crown Zellerbach for \$712,000.

Hewlett-Packard got a more than favorable nod from the portfolio manager when Fireman's Fund added 31,600 shares for \$630,000 to the 2,000 already in the portfolio. Holdings in Union Bank of Los Angeles were also increased by the purchases of 9,960 shares for \$621,000.

Another new name in the portfolio is AMP, Inc., electrical equipment manufacturer. The Fund bought 20,000 shares for \$520,000.

During the year, Fireman's Fund became dissatisfied with some of its holdings, dropped some completely and cut down on others.

Missing from this year's portfolio report are \$2,090,000 in Ethyl Corp. warrants; 32,000 shares of Westinghouse Electric, sold for \$1,088,000 and which has climbed 50 percent in price since the Fund sold it.

Also among the missing are B. C. Forest Products (20,000 shares gone at \$560,000); McKesson & Robbins (11,000 shares at \$528,000); Beckman Instruments, (2,500 shares at \$160,000); B. F. Goodrich (9,800 shares at \$510,000) and Universal Oil Products (15,000 shares at \$480,000).