



Reid W. Dennis

Investor Chief Is Optimistic On Recovery

By John Burns
Bee Business Writer

"The economy is definitely in the early stages of recovery. This year will be a moderately good year for the investor and next year will be better."

The estimate was offered in an interview here yesterday by Reid W. Dennis, president of the American Express Investment Management Co. of San Francisco. He added:

"I feel my chances of being wrong about this are zero."

His company, a subsidiary of American Express Co., is the manager and distributor of six mutual funds and handles the investment portfolios of American Express Co. affiliates such as the Firemen's Fund American Insurance Companies. It also administers Stanford University's endowments funds. The assets involved total about \$2.2 billion.

Dennis, who was here to address the Sacramento Bond Club, noted the Dow Jones average of industrial stocks is up about 273 points from its level of a year ago.

"There are good investment opportunities now," he said. "Reasonable people making reasonable investments can expect to make reasonable amounts of money."

But Dennis regrets that many mutual fund investors discontinued or curtailed their buying when the market hit an eight-year low in 1970. "It would be a mistake for me to appear extremely bullish at this point, because the ideal time to buy was when prices hit that low point."

"Isn't it natural to get out of the market when stocks are plummeting?"

"Perhaps but the secret of successful investing is to be in the minority," Dennis said. "To be in the minority, and be right."

Members of the financial press did the mutual funds a disservice last year, the visitor claimed.

"They scared the public badly. Many investors failed to continue their programs and others liquidated at what proved to be the wrong time."

"Meanwhile, as a hedge, some fund managers carried large cash balances which should have been invested."

Dennis termed the experience "a severe test for the whole concept of fund management."

"Some funds failed the test. I think the American Express funds got a passing grade. Three of our five domestic funds gained in assets last year, and the two that lost ground have recovered in 1971."

The American Express funds cover the full spectrum of investor aims, under the names of Investment, Income, Stock, Capital, Special and International Funds.

Dennis, a native of San Francisco and holder of a master's degree in business education from Stanford, advised investors to adjust their sights.

"In recent years they have come to expect too much in the way of a return in present circumstances, with the government seeking to combat inflation. I believe investors must modify their expectations."